

BULLETIN

Executive Secretary/Treasurer, Ann Reilly
210 Cartwright Blvd., Massapequa Park, NY 11762

The Future of Growing in New York State

by C. S. Cosentino

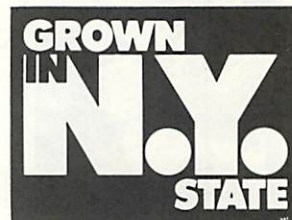
One of the most difficult tasks in writing and researching a presentation on what will be affecting the New York State grower in the next 10 years is the appalling lack of information about our recent history. How many feet of glass and plastic are there? How many were there 10 years ago? How many mum pots are produced? How many geraniums? How many bedding plants? What is the cost of heating per foot in various parts of the state? How many establishments are there? All are very elusive figures.

Much of the data I will be using today is from Edd Buckley, of the FLORAL REPORT, and from Truman Fossum's figures. Bedding Plants Inc. is also a goldmine of information. Paul Randolph, of FTD's Education and Research Division, was most helpful. Somehow, somewhere, we must standardize our accounting procedures, update our record keeping systems and produce a history that will aid us in predicting our future. A history is needed that will aid us in knowing what to produce, when to produce it and in what quantities as well as how to market it.

Many of the troubles of the floral industry in New York State are not of our own making. Some of our problems are created for us in Albany. Some are created in Washington. Here are some real facts to look at:

- New York State is the only state in the nation with fewer private sector jobs in 1979 than it had in 1969.
- While the rest of the nation gained 15.6 million jobs in the private sector, a gain of almost 27%, we lost 146,000 jobs, the only state to do so.
- While private sector jobs in the Northeast rose 13%, jobs in the private sector in New York State dropped over 2%.

- It is a fact that in this same period of time one out of five manufacturing jobs disappeared. In this period, one of every five construction jobs disappeared.



The reality behind the facts is that New York State lost 593,000 people in a 10 year period, a time during which only New York, Pennsylvania and Rhode Island sustained any population loss. Ours was the largest loss.

And you thought that energy and increasing costs were your only problems. The basic problem is this . . . business leaves New York because of taxes, new business avoids New York because of taxes. And, as business avoids us new customers do not arrive, as business leaves us our established customers leave.

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Send Flowers to Your Congressman on March 24th!

The Society of American Florists will hold a **reception in honor of the 97th Congress** on Tuesday, March 24th. The **purpose** of the reception is to **provide greater identity and recognition for the floral industry** in the halls of Congress. You can play an important role during this day. Here's how:

The SAF has asked that we send flowers and/or plants to the offices of our legislators. The NYSFI will send flowers to our two Senators, but we need your help in sending flowers to our Congressmen since our state is so large. The more flowers that are delivered to our Congressmen on March 24th the greater the impact will be for the benefit of the floral industry.

We ask that every member of NYSFI send flowers on March 24th to the Washington office of his Congressman. Please indicate your own name if you wish and the name of NY State Flower Industries. You will not only make an important contact with a new Congress, you will also improve your relationship with your Congressman as well as improving the industry as a whole. Thank you.

The Future of Growing (cont.)

You, who are retail growers, are of course interested in where these people who do remain buy their flowers and plants. You who are interested in mass marketing need to know what is happening there. Let us look at some of the problems.

While production is not our primary problem, the cost of production is important. I feel that we should be looking at, rather than production, productivity. We must get the best return for each dollar expended; for every hour worked; for each barrel of oil burned.

Recent research shows that the American worker is still producing more than workers in other countries. But it is changing. The rate of productivity increase is a whole different story. Here we are sixth in the world, soon to move to 8th position. This means that, in not too many years, we will be overtaken in overall productivity by the Japanese, the Germans, the Canadians, the Swedes and the Italians. Unfortunately for us, the problem is not entirely the blame of labor. Some of the blame must go to laws that not only make it impossible for the worker to be more productive but make it unprofitable for the employer to promote productivity with machine and facility investments. We growers, in order to survive this decade, must make better use of our time, labor, fuel and money.



A second major problem is the dwindling number of cut flowers being used in the marketplace. We are constantly bemoaning the loss of the sympathy business. We are all so quick to blame the various funeral directors and societies for the "Death of the Funeral Business." Few of us will admit that much of the problem stems from some of our own business practices. And, I am referring to the grower as well as the retailer. In the 50's "cooler cleaners" were standard practice. Use up the older material in funeral pieces. Use it up before it goes bad. Certainly the retailer was guilty. But is there a flower grower here who did not at one time or another call a retailer because he had to move some flowers "quick," (There has got to be a funeral somewhere tomorrow. It won't last til Wednesday. Sound familiar?)

But, with all this blame fixing have we even thought that the demise of the funeral business is not entirely someone's fault, be he florist or grower or director or society? That perhaps the changing American scene has something to do with it? Could it be true that this loss of business occurs when people retire to the Sun-belt for 10 or 15 years? When they die and are brought home they are not well remembered: many of their old friends are on fixed incomes. Some folks just do not have \$30 or \$40 for funeral flowers. Certainly some of this problem is of our own making. But let us stop being negative. Let us look for answers to sell more flowers . . . positive selling.

In overall production terms, New York State ranks 7th in the nation. California and Florida are clearly #1 and #2. Though we lost some ground in the 1978-79 period, our total floriculture commodity production is some 31 million dollars. (Perhaps we should pick up and move to the Sunbelt. Texas shows a whopping 16% increase in that same period.)

As far as Colombia is concerned, its effects on the American Grower, especially the grower in the Northeast, will not decrease as time passes. But their rate of increase will slow. Their labor costs are increasing and their productivity remains low. Their costs are increasing too for transportation, health services and food, things they must provide for his employees. And just as fuel cost rises are hurting your products shipped to distant markets, so too are they hurting theirs. But, don't count the South American growers out. They are still producing a significant portion of the product sold here in New York State.

But, what can you, the New York State Grower, do in the face of these seemingly unsurmountable problems of foreign competition, shortages and rising costs of energy and declining population?

I say a great deal. I say that change is the answer. I say that we must face the problem head on.

A—Work with your retailer. Grow what he can sell.

B—Find and grow plants that the Canadians don't find profitable to ship in.

C—Find cut flowers that complement Colombian and Israeli imports. Why compete head on?

D—Look at 4" material.

E—Do your share to promote that market we have.

F—Larger growers . . . expand your market.

G—Smaller growers . . . become more efficient. Stop growing 300 cyclamen when 200 will do. Quit growing 300 hydrangeas and grow the hundred you need. Add other varieties and types so that you can use your production.

H—Grow energy efficient crops.



I implore you growers of all sizes to work more closely with your retailers. Certainly it is easier to deal with a produce manager at the supermarket. No, he is not as quality conscious. No, he is not as fussy. Yes, he will take bench run and he does not need much in the way of service.

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The Future of Growing (cont.)

But, without the retailers know-how, without his local promotion efforts and the many dollars that he puts into FTD and AFMC national advertising campaigns, and without those 25,000 locations around this nation of ours to remind people about flowers and to provide those services that the mass merchandisers cannot and will not provide, there would be no flower business. At least there would not be the viable industry that we know today. You, the grower, must cater to this flower seller. You must grow what he wants and when he wants it. If there is to be a future for the grower in New York State it will involve the mass marketer. It will involve the retailer.

In the next ten years the grower, large and small, will find computers playing an increasing role in their businesses. Have you seen that advertisement that IBM is running on television? The one showing a chicken farmer in his pick up truck on his way to buy a small computer to run his farm? Computers are a reality. They are becoming more and more affordable for the grower, large or small.

Dr. Gerry White of Cornell's Agriculture Economics Department has developed a super program that will determine, once you put in some information, whether or not it will pay you to make those energy saving changes and what the actual payback time will be.

Data Grow, a New Jersey based company, has developed a program to run on their own computer for clients. It determines the cost per pot or bench plant for nearly any growing situation. As a matter of fact, the "Florists' Review" has recently run a good series of articles on cost accounting systems that will determine the same figures. Their systems are quite computer-adaptable. We at Cosentinos are now programming our own Radio Shack Computer. I think that it will work. I think that we are going to find that there are some things that we just cannot afford to grow.



On the good news side, there are several things to report. In a recent conversation, Edd Buckley of the *Floral Report* said that recent studies show significant improvement in sales in his New England and Mid-Atlantic areas. New York and Massachusetts began showing a strong trend in 1978 and it seems to be continuing. Much of the increase is coming, surprisingly enough, in the cut flower area. Foliage has slacked off from its 1976 high, and the predicted 4" flowering plant boom has not materialized, at least not in the flower shop. In foliage there does seem to be one bright spot—Dish Gardens. All figures seem to show a rising popularity of this old time favorite.

The use of fresh flowers in New York State, according to Buckley, has increased in the past 22 months and shows little sign of tapering in the near future. How much of that increase is through the traditional retail

florist? How much goes through the Mass Marketers? How much will that increase affect the New York State Grower, now that we are no longer a major cut flower producing state? According to "Grower Talks" we were 5th in the nation in production of mums and pompons in 1978. Since then we have lost ground in both crops. This is during a time when Colombian mums and pompons increased by 64%. We were more fortunate in the area of roses. Though we show a small decrease in production from 1978 to 1979, we are still a major producer (4th in the nation.) As a matter of fact, some 90% of the roses sold in the United States are produced here.

I might note that in that same period, California increased the value of its rose production from 25 to 32 millions of dollars. That increase alone is more than the wholesale value of the roses produced in New York State. This change is significant because as the Colombians took away part of California's Eastern Mum and Pompon market, the grower there converted his range to a more saleable item. Should not the New York Grower be looking to change his product mix?

Another bright spot was recently brought to my attention by the Mayor of Auburn, New York, Mr. Paul W. Lattimore. Noted mostly for his work in the area of energy during the Carter Administration, Lattimore brings to the fore the fact that 62% of the rain that falls in these United States falls in the Middle Atlantic and New England States. Water shortages have developed in many parts of the Nation. Why else would New Mexico, for one, limit the entrance and expansion of certain types of water intensive industries. Not to dwell on the matter, I think that we can all read into those headlines from Southern California and Marin County and Colorado that those shortages are in fact real. Perhaps, just as easily as those firms moved away from New York because of cheaper labor and energy and warmer temperatures, so too might they return because of this other most indispensable resource.

A number of happenings in Albany should begin to ease some of our burden. In 1979 the legislature increased the investment tax credit from 2½ to 4%. The unincorporated business tax is being phased out. From a maximum of 5% in 1970 it will not exist in 1981.

Recent Assembly proposals include the reduction of the Corporate Franchise Tax from 10½ to 8½%, initiation of a tax credit for employers of \$250 for every job created, a new tax credit for each fully or nearly fully employed person and an indexing of income tax brackets to prevent increased tax burdens caused solely by inflation.

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The Future of Growing (cont.)

Speaking now as a retailer, I do want to say that Mums and Carnations and roses are marvelous. I would like more variety. I know the old grower argument 'we grow it all the time but you guys don't buy it.' Why don't you presell it?

Now, I know that we are never going to go back to Sweet Peas. But, there are many new crops available, especially to the retail grower. We see too many growers who fill their greenhouses with one or two crops and moan that there just isn't a market because they can't compete with the Canadians and the Colombians. I know that for the retail grower it is easier to grow two benches of pompons and wholesale the rest. Can you really wholesale and make money at it? Would it not be easier to fill one bench with pompons and the other with some secondary crops that you can use in your own store? Might we not ask Cornell and our other learned institutions to develop a simple chart of compatible plants? Plants that will take the same environment and conditions that can make a profit for us?

We talk about not making money as a retail grower. I honestly do not think that it is because we do not know how to grow. It is because we do not know what to grow. I do not think that our entire problem relates to high energy costs or lack of labor. I think that it is because we do not plan. Sure, in my operation I grow 300 cyclamen. I can always retail 200 and I am sure that I can peddle that other hundred. When the time comes, do I? No. Either the wholesale market is terrible or I decide to gamble on the balance. I never make out on that last 100. Would I not have been better off with 175 Cyclamen and a few miniature cyclamen and some peppers and perhaps some cinerarias? We, the small retail grower in New York, and to me, small is less than 25,000 feet of glass, are a very efficient breed of grower. If all agriculture produced as much per square foot as we do, I assure you that our food prices would plummet and there would be little famine in the world.

Our problem is that we have very good growers who know a lot about growing, but precious little about pre-planning, selling, marketing and budgeting space.

How important are these 4" plants? Why is it it is so important that we make them work for us here in New York? Look at the housewife who needs flowers. Each week she would like to devote \$2 or \$3 for them. Now she has a choice, a little bunch of flowers each week at the supermarket or a nice 4" pot at the market or the flower shop every two or three weeks. What it boils down

to is would you like to see her pick up South American cut flowers (you can no longer compete) or some nice New York State Grown 4" material?

This greater variety of commodity will become more important in the next 10 years. According to Paul Randolph of FTD, people are staying home more and more because of high travel costs. Instead of travelling to a new environment they will tend to stay at home and create their own, complex, everchanging environment. As this develops they will be looking for more and more when they go through the retail flower shop: more plant variety, more fresh flower color, and even more uses for dried and permanent materials. When they go to that store, they will buy more if they have been provided with the proper mix of merchandise.

In conclusion I would say that the prospects for the grower, and yes the retail florist, in New York State are more bleak than rosey. In the short term we will probably not see any serious deterioration of our position, nor will there be any great and sudden improvement.

But my long term observation is that the prospects look fairly bright in our corner of the world. They will look even brighter if our managers and employees improve productivity. They will brighten if Albany and Washington give us half a break. They will brighten if our Scholars and our computers tell us what to sell, when to sell it and at what price. They will certainly brighten if Mr. Lattimore's water prediction does come true.

As you, I am probably stuck in New York State because of my investment. As you . . . I worry.

But, I am betting on a brighter future for the Grower and the retailer in New York and I and my firm will be working harder to make it so.

BPI Honors Former Cornellian

Ed Markham, a 1942 Cornell graduate in floriculture, recently was honored by Bedding Plants, Inc.; he received their *Meritorious Service Award* in recognition of outstanding contributions to the bedding plant industry and dedicated service to Bedding Plants, Inc.

Ed has been the northwest representative for Vaughn's Seed Company since 1968 as well as having worked in Vaughn's Illinois greenhouses and managing its Long Island bulb farm many years ago. He is a director of Bedding Plants, Inc., vice-chair of the membership committee and co-chair of the 14th International Bedding Plant Conference, and Trade Show in Seattle, October 4-8, 1981.

J. G. Seeley

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