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Subject: Pushing the Reset Button

Extraordinary times call for extraordinary choices and actions and the past couple of years have surely been extraordinary! Almost without regard as to what line of business you're in, the recession has affected all our lives in some way, but for our industry it seems to have launched 'dramatic change' that is unfolding each day as we trudge along.

For Eaton Farms, as with many other growers, most likely all, sales have declined at a rate that almost mirrors perfectly that of housing starts over the past years. The good news is that most all forecasts show these starts to be rising and may reach pre-recessions levels by 2014. But that is still 3 years out, a few more elections to go through and whatever else is to come our way. So the question is how to be profitable today and going forward?

Gourmet Magazine, the oldest food magazine in America closed last October, not to be heard of again.....until.....last month when they made a surprising comeback as an Ipad application! They knew they had an audience; they just needed a different way to reach them. Gourmet pressed the Reset Button!

Eaton Farms had decided to 'Push the Reset Button' back in 2007 during S.W.O.T. (strengths, weaknesses, opportunities and threats) analysis meetings that take place annually. Eaton Farms has always been and always will be fantastic tree growers for the industry. Our weaknesses have always been in the general container area, evergreen and deciduous shrubs, not because of quality but because of market pricing and market changes. Think back for just a moment, Eaton Farms has been slowly phasing out general shrub production over the past 4 years and today we are near the end of this change. We have indeed Pushed the Reset Button!

Since 2007, we have been expanding the 'Tree Umbrella' of products while phasing out the more commodity grown items, those items where product differentiation is all but impossible. Even with Excellent Branding and unique sizes and selection, we just could not add value to these items. Our phase out began in 2007 with our last finished crop of Juniper and this coming Fall represents our last finished crops of many more general items.

This coming Spring we are introducing our #7 size Trees, our #10 Evergreen program, our #10 Specialty Evergreens, #7 Fruit Trees, #25 Shade & Flowering Trees, an expanded selection of #15 Garden Center Trees, a full selection of Japanese Maples, an expanded selection of Topiary and many more Specialty Trees like Espaliered Forest pansy, our own Weeping Redbud Pink Heartbreaker. But even more importantly, this spring marks our first season of a fully reached production plan of container grown Dogwoods, some of the best on the market in 15's up to 8/9'.

Eaton Farms 'Pushed the Reset Button' 3 years ago without knowledge of the looming recession. Today, in this market, at this time our decision may have been the only way to stay in business!

As I am sure you are aware, other great nurseries have also been making choices such as this and I am sure there are many other Button Pushers to come. The fact is that growers must specialize to provide quality and availability at a price the market is willing to pay. This may not be possible to do and remain profitable going forward, regardless of economic conditions. There is just no margin left to be gained in volume. In an industry that is driven by discounting, the future is a bit uneasy to say the least.

During the upcoming PANTS SHOW and our ANNUAL CUSTOMER DAYS, I will be announcing our decision to become an exclusive grower of trees for the industry. My choice to do so is very involved and many, many factors led me to take such an action. However, one overwhelming belief made it so much simpler to Push the Reset Button and that is my belief that our industry is changing, your customers are changing and like Gourmet Magazine we need a fresh start and hopefully this time we can come together in a united front to promote the benefits of our products and services.

There are many 'Buying Groups' in our industry that promote membership rewards as larger discounts. Am I the only one who sees the problem with this? Where are the groups promoting the benefits? Enough of the discounts already, our focus needs to turn quickly to what we sell and how we sell, not what we buy it for. Already this week I saw the typical 25% OFF sale at a local Garden Center, and I'm sure that will reduce the inventory! But maybe even more disturbing was the next sign up the road that read, 'Schedule your Spring Clean Up Today!' Its July everybody, shouldn't the sign say something like.....'Now' s the time to plant a shade tree'.

Come join us next week on the farm Wednesday & Thursday where we will address all these issues directly. Sid Raisch will be speaking Wednesday evening followed by our annual open round table discussions and on Thursday morning we are presenting Andrew Ortyn of Precision Catalyst at 10:30 am. Drew will be speaking on Market Position and the Power of Price for your Garden Centers. I have spoken to both of these intelligent and creative men this past week and I could not be more excited to be able to provide these seminars for you. I promise you we will help your business and we will motivate you to 'Push the Reset Button' and position yourself for the coming boom in the green industry!

SELL WELL! SELL HIGH! SELL OUT! SEE YOU NEXT WEEK! Don't gtG!