

Hines Horticulture

Founded: 1920

Size: Seven facilities spanning more than 4,000 acres of outdoor and greenhouse production

Locations: Arizona, California, Texas and Oregon

Main Crops: 9,000 varieties of annuals, perennials, blooming potted plants, foliage and woody ornamentals

Market: Mass merchandisers and home improvement chains, as well as supermarkets and independent garden centers, rewholesalers and landscapers.

Web site: www.hineshort.com

Streamlined For Success

Hines Horticulture is back on the road to profits after centralizing processes and executing efficiencies.

Leading Hines toward solutions (from the left) are Tim Higham, Don Ray, Jeffery Dunbar and John Krajanowski.

by **DELILAH ONOFREY**

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LESS than two years ago, Hines Horticulture brought in a dynamic leadership team from outside the industry to completely retool the company and create a more promising future.

Based in Irvine, Calif., Hines emerged as the leader in the grower consolidation movement in the late '90s, acquiring greenhouse and nursery operations on both coasts. The venture capitalist owners took the company public and Hines became the first growing operation to be traded on the New York Stock Exchange under HORT.

But over time, Hines struggled and was challenged managing geographically remote facilities, which were operating more independently than as a unified company. And the reporting requirements of operating as a publicly traded company proved to be more burdensome than worthwhile. Decisive action needed to be taken to get a company as large as Hines back on track. Hines sold its New York and Florida facilities in 2006 to shore up its cash position and deregistered its stock early this year.

Under the leadership of a new CEO, Jim Tennant, who had served on Hines' board of directors for 10 years, the

executive team was completely rebuilt with experienced executives from both inside and outside the industry. Jeffery Dunbar, senior vice president of operations, was in charge of business strategy for Wise Foods, the No. 2 potato chip producer in the United States. Prior to that, he worked for Kellogg-Keebler and Revlon Inc. Don Ray, senior director of distribution and supply chain, also worked with Dunbar at Wise Foods and also handled distribution and logistics for Brachs and Kellogg-Keebler.

Art Saxby, who had been a consultant for Hines, joined the company as vice president of sales, marketing and business development and had worked for

Coca-Cola, Frito Lay and Imperial Sugar. And John Krajanowski was tapped internally to lead several key projects and become senior director of planning and scheduling. He has experience within Hines at both the corporate and field level, as well as within and outside the industry in sales, merchandising and replenishment.

From Food To Flowers

When asked about the differences in shipping food versus plants and flowers, both Dunbar and Ray say shipping perishable or refrigerated goods is fundamentally the same. "The only major difference in horticulture is that we do not control all the inputs in production," Dunbar says. "There's also more of a God proxy – how the weather is working out for you, not only for supply but demand, as well."

He also sees parallels between food and plants on the retail side. "Just as we've seen a decline in the independent grocer and an increase in large retailers, in the hort business we've seen a decline in independent garden centers and an increase in three big boxes," Dunbar says.



"Unfortunately, in our industry, the consolidation is not felt at the manufacturing segment. We're still highly fragmented in a consolidated retail market. The makeup of any industry should be shaped by the marketplace, not the industry itself." Hines serves retail and wholesale channels, including box stores, independent garden centers, grocery stores, rewholesalers and landscapers.

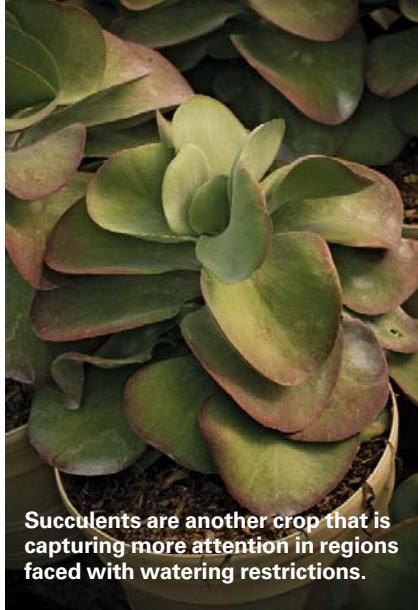
Dunbar makes it clear that Hines has not retreated from the Eastern markets and continues to ship nationally. "Our strategy is not a geographic strategy. Everybody wants to make that leap," he says. "We sold off our underperforming assets, which just happened to be in the East. We're still alive and kicking and shipping to all those states."

Management Makeover

In addition to selling the underperforming facilities, the new executives examined each business process. One key area was centralizing purchasing. Traditionally, each Hines location operated independently and bought everything from paper to pots from different vendors at different prices. Dunbar identified the savings power presented through collective buying.

"When I came, Hines was being run like a holding company with Hines being the umbrella and each nursery operating as its own division," he says. "Everything the company had done was at site level, whether that was purchasing, planning, production or human resources. All the functions of the business were being done at each site. We picked purchasing, distribution and the whole supply chain and centralized them. We relieved the sites of those duties so they can focus on what they do best, which is growing plants."

"The result is a simpler, cleaner, more efficient business internally. It also creates more alliance to the company versus a site-centric mentality. With the changes, now everybody is on the same team and moving in the same direction."



Succulents are another crop that is capturing more attention in regions faced with watering restrictions.

Looking Externally

In addition to looking internally, Hines looked to service providers for solutions. One area that made a dramatic bottom line impact at Hines was its decision to establish a partnership with Tim Higham, CEO of Interstate Transport in Florida.

"One of the biggest headaches for Hines was seasonal availability of transportation and distribution services, and we felt that if we could leverage our scale, this headache could be quickly turned into a competitive advantage," Dunbar says. "Our transportation and distribution initiative provided us the unique opportunity to

positively touch each client every time a delivery was made."

Transportation had been Ray's forte. Together, Ray and Dunbar tackled the challenge of completely redesigning the transportation and distribution function. With more than 20,000 truck load deliveries each year, from a combination of company-owned trucks, common carriers and 3PLs (third-party logistics providers), this was no simple task, so they looked for a qualified partner to assist them.

"With Interstate's help, Hines increased available truck capacity by more than 600 percent, conducted a nationwide lane bidding project and improved customer service," Higham says. "Ray and Dunbar knew that automation was the key and turned to InMotion Global to fully unify all distribution operations."

InMotion Global is Interstate's transportation management system for growers that is connected to Interstate's freight management center 24/7. (For more information, visit www.interstate-transport.com and www.inmotionglobal.com.)

Historically, each Hines location controlled its transportation and distribution decisions.

"We had locations using the same trucking companies but with different rates in place and different accessorial and fuel surcharge matrices," Ray says. "Quite simply, InMotion Global transformed our distribution and transportation efforts. The system assisted us in assuring our carriers were assigned the appropriate lanes and it directly contributed to an improvement in customer service and on-time delivery. It has made the business process simpler, increased productivity and made our transportation more efficient, all while giving our clients a better customer experience, which ultimately, is what any system should provide."

Ray called the carriers in and had them bid on lanes and forge a year-round relationship with Hines. Normally, carriers hold growers hostage and charge more during peak season, spring. "If you partner for the long haul, you can have a level price throughout the year because the trucks are running year round," Ray says.

Most growers see transportation as a necessary evil instead of a competitive advantage that will pay for itself, Dunbar says. "What we're trying to accomplish is applicable to other large growers like us," he says. "We're trying to get more out of what we have, make sure we're growing what customers want when consumers demand it and deliver it in a cost-effective manner. There's growth for everyone if you can do those things." **GG**



Hines produces the full gamut of ornamental crops from bougainvillea to pentas for retailers and landscapers.