

### A New Perennial Pairing

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**GrowerTalks:** What is this new partnership between the two of you all about?

*Niles Riese:* Walters Gardens will primarily be the perennial partner within the network of Proven Winners growers. The reason why we really entered into this partnership is Walters Gardens looked at Proven Winners and we recognized they were the No. 1 plant brand in the market. We'd certainly been beefing up our breeding programs the last couple of years, and really wanted to add value to those products that we've brought to the market. So we looked at Proven Winners, had these discussions and moved forward.

**GT:** And Mark, I guess on your end, you brought Walters in because they were the leading perennials company.

*Mark Broxon:* Exactly. When we started to look at seriously expanding our perennials offerings two or three years ago, we looked around and asked, "What's the best way to bring the most value to our customers in the perennials part of our business." All signs, obviously, pointed to a partnership with Walters Gardens. They have the best perennial varieties in the marketplace. They're really dedicated to breeding, they have contacts throughout the world, and we were very impressed with their testing procedure and production practices. Once we decided that, from our standpoint, a partnership would make the most sense, they were the ones that obviously came to the top very quickly for us.

**GT:** What Walters varieties will be available under the Proven Winners brand? I know one is leucanthemum Banana Cream.

*NR:* In the Walters Garden assortment, we have more than 1,100 varieties in our catalog that we offer. To start with, we'll have about 30 of those varieties that we'll put into the Proven Winner program starting in July of 2011. Some of those will be Banana Cream, the hibiscus Jazzberry Jam, Summer Storm and Cranberry Crush, just to name a few.

**GT:** Which of the six North American Proven Winners companies will sell these varieties? (Note: Proven Winners has three U.S. propagator companies—EuroAmerican, Four Star Greenhouses and Pleasant View Gardens—and three Canadian propagators—Dentoom's Greenhouse, Nordic Nurseries and Sobkowich Greenhouses.)

*MB:* It's somewhat dissimilar from the annuals part of the business where pretty much each propagator will produce everything. While most of the perennial varieties will be produced by each propagator, not every variety that Walters is bringing to us as a Proven Winners perennial can be produced by each location—climate-wise and production system-wise. So of the six, not every one will do all 30 varieties. At the same time, there is an existing line of 22 Proven Winners perennials that the Proven Winners North America group currently sells. Walters will also be picking up some of those varieties. When we get to Spring Trials, we'll have the final list of exactly who will be growing what for the inaugural 2011-2012 season.

*NR:* A little bit further on that, too. Some of the products will be available in plug form and some will be in bare-root form.

**GT:** And Walters will be doing all of the bare-root?

*NR:* Yes, we will be.

**GT:** Is there going to be any sort of Proven Selections perennials?

*NR:* Not initially. We had it under discussion, but we felt we wanted to first come out with the Proven Winners perennials, and then consider Proven Selections as time goes on.

**GT:** The Proven Winners perennials that are already in existence, will they also be labeled as the Proven Winners perennials?

*MB:* Yes. As you know, our selections change every year, sometimes things are added, sometimes products drop out if we feel something could



**Walters Gardens' Niles Riese**



**Proven Winners' Mark Broxon**

be improved. So yes, the varieties that are currently Proven Winners perennials will remain perennials in the Proven Winners line. Of course, the big advantage with the partnership with Walters is that we now have a perennials organization that's totally focused on perennials and brings that to us. So the idea is that the total Proven Winners perennials line will grow exponentially over the years.

**GT:** How will the Proven Winners perennials be sold to growers and grower/retailers?

*NR:* They'll be sold primarily through the same networks that each of our companies sells through now. So, it would be working with the brokers, the sales reps and direct sales.

**GT:** So, nothing too drastically different?

*NR:* No, no changes as far as the distribution of the product that we've had before.

*MB:* No, no changes from our side, either. The varieties will be sold through the brokers that our propagators use, the same as before.

**GT:** The Walters perennials that are not in the Proven Winners program—is there any change to how growers order those?

*NR:* No, there will be no changes to the varieties outside of the Proven Winners perennials. They'll still be marketed and distributed the same way they were in the past.

**GT:** Here's a big question for you: What are the advantages of the partnership to everyone involved? Everyone from Walters, Proven Winners, all the way down to their customers.

*MB:* In terms of Walters, we think that the partnership takes the leading perennials genetics in the industry and immediately moves them into a recognized consumer brand, which will allow Walters and their customers to acquire the goodwill of the Proven Winners brand and, in particular, access to new marketing tools and expertise.

For Proven Winners, what this is going to do is extend the Proven Winners brand by essentially adding premium perennial genetics to the line, which was probably the one hole we had in the line. Our strength had been annuals—and flowering shrubs when Spring Meadow came on board with Proven Winners ColorChoice a few years ago—but not necessarily perennials. This allows us to instantly acquire leadership, or the brand to acquire the leadership position in perennials. It gives the brand a great pipeline to new varieties going forward in the future.

*NR:* And I think Mark mentioned, a lot of the Proven Winners propagators now are more used to growing annuals. Which certainly is a quicker turn in the greenhouse—six to eight weeks in the greenhouse and it's out the door. Where a lot of the perennials we have to grow for a year, or even more if they're bare-root. So [the partnership] lends a different level of expertise, and I think that's the reason why it's going to be such a great partnership.

*MB:* I think we should address why this is good for our customers and the industry, too. Proven Winners has always been about creating value. And I think people in the industry realize it's value creation, it's better products, better genetics, better promotions that are needed in order to sell the plants at a higher value. We'll never stand up at a Proven Winners Road Show, for example, and say, "Here's how you cut costs, here's how you skimp on marketing, here's how you sell an unbranded product." It's all about value creation, which you know is not an easy process. Somebody could theoretically put a name on a tag, and say they have a brand—or put a name on a container.

However, creating a brand that truly means value takes a long time and a lot of work. Think of everything we do to do that. And when you bring Walters into this mix—the best perennial company in the country—all of a sudden now we have 30 of the best perennial plants in the industry going into this brand. And we hope this leads to growers and retailers selling these branded plants at a higher value, for more money.

*NR:* I think what attracted Walters Gardens to the Proven Winners brand—we did look at some of the other brands—we felt with Proven Winners, it really is still about the genetics and the quality of the genetics. And that's really what we try to bring to the table.

**GT:** I heard the plant tags are going to be a little bit different? A little bit bigger?

*NR:* Currently, we're undergoing the process of looking at a little bit larger tag for the perennials side of it. We're still working through that process, but we should have that all in place by the time of Spring Trials in March and April.

**GT:** And how would customers get those tags?

*NR:* They'll be shipped along with the product.

**GT:** That's similar to how it's done already with the Proven Winners annuals, correct?

*MB:* Yes, the propagator companies ship tags when they ship the plants.

*NR:* So, we'll inventory the tags and then ship them with the plants.

**GT:** And those are required, I'm sure.

*NR:* Correct.

**GT:** And the pots, as well?

*NR:* Yes, the branded containers will be required for the Proven Winners Perennials. We are still deciding the exact containers, but we plan to have at least three to four different sizes of branded containers available.

**GT:** Will the pot say Proven Winners Perennials? Or will it be the regular logo?

*MB:* We're finalizing a lot of that, but it probably will be the regular Proven Winners logo. One other thing, we refer to the use of the branded container as the "complete package." Along with great genetics and a plant tag, which matches the branded container, we think using branded containers is a great way to get point-of-purchase material used in garden centers, to merchandise products together, and to focus the consumer on a value-added product. At the same time, studies have shown over the years, that when you use a branded container, the plant will sell for a higher price. When we started talking to Walters about this, they saw the branded container as a critical piece to the consumer package, as well.

**GT:** Let's talk royalties. I'm not sure how the royalties were working previously with the Walters varieties coming into the Proven Winners perennials program. How will this work?

*NR:* From the Walters side of it, some of our plants that we introduce certainly have a royalty established with them. And that royalty amount will not change once they're rolled into the Proven Winner Perennial Program. What will change is on those Proven Winner perennials, there will be a marketing fee attached to those varieties. This fee goes directly into the marketing budget, and 100% of that is used for promotion and advertising.

**GT:** Is the marketing fee a standard fee across all the annuals, perennials and shrubs?

*MB:* Probably not. The fees are different based on the product, product lines or category. And a point worth repeating is, everything that we bring in, in terms of marketing fees is spent on marketing and promotion. Proven Winners acts as sort of a brand management entity for the Proven Winners brand and everything we bring in we spend on marketing. When you include what Proven Winners is doing on the annuals side of it, and you include what Spring Meadow from Proven Winners ColorChoice is doing on the shrubs side of it, you take that money and you really multiply it—or double and triple it—because of all the synergy and cross promotion. So, we believe that growers and retailers are getting their value for these fees.

**GT:** Niles, Proven Winners has a Key Account benefits program. Will you offer something similar?

*NR:* Quite possibly. We haven't gotten all through that stage yet, but it's something that is certainly under consideration and we're looking into that.

**GT:** What about the role of brokers. Is that similar to how it's been in the past or is anything changing along that line?

*NR:* As far as the brokers, I think from all sides, none of that will change. Each of the six Proven Winners propagators will sell through the different broker network that they've established, so no changes there.

**GT:** What do we have to look forward to over the next three or so years as the partnership develops?

*NR:* From the Walters Gardens side of it, we have a lot of varieties in the pipeline in different stages in the breeding process. So I think you'll see quite a few more varieties coming out in the next two to three years.

**GT:** How do you determine which ones you'll keep for Walters Gardens and which ones go to the Proven Winners perennials line?

*NR:* Primarily the ones that would go into the Proven Winners perennial line are the best genetics that are exclusive, either varieties that we've bred ourselves or worked with other breeders around the world, that we have exclusive rights on. But first and foremost, they have to live up to our quality standards to be able to fit into that program. There's a lot of trialing being done, not only at our facility, but also at all the other facilities.

*MB:* The Proven Winners companies are now going to be trialing these new varieties as well, with the goal, as Niles said, that the best varieties will go into the Proven Winners perennial line. We're going to be working and trialing side-by-side, but Proven Winners is going to be relying largely on the expertise of Walters, not just to bring products forward, but also to help guide us in terms of which ones are the best, which ones make the most sense.

*NR:* And surely one of the luxuries of having our own breeding program compared to a lot of people where they're relying on other breeders around the world, we can afford to take a little bit more time to trial varieties to make sure they live up to our expectations.

**GT:** When will consumers see the Proven Winners perennials on the benches?

*NR:* Probably the earliest time would be spring of 2012.

**GT:** Any final comments from the two of you?

*NR:* From our standpoint, I think a lot of people are going to say, why did we do this partnership? This wasn't something that happened overnight. We've had very long discussions, both together and internally in our own companies. There are certainly a lot of things to consider, but we thought this was an avenue to move Walters Gardens into the next level. We're very excited about this partnership, we think it's going to bring us a lot more exposure; it's going to do a lot more for our varieties. And we can't say how happy we are with this partnership.

*MB:* What really impressed us with Walters is the family feel of the business and the professionalism that everyone there has. It's a great group of people, a family-oriented business and a similar focus on the best products and the best genetics, as well. So we really felt a real tie-in to these guys, kind of similar to how we felt when we came together with Spring Meadow. And just knowing how well that partnership has worked and has

been built over the years, I think we feel comfortable moving together with these guys in the same way.

**GT:** Any coincidence that they're both in Michigan?

*MB:* (laughs) No. It's funny, but our tag company, MasterTag, is also in Michigan. **GT**

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### **Who's Big Idea Was It, Anyway?**

Both Mark and Niles credit Rick Schoellhorn, Proven Winners' new products director, and Walters' hybridizer Kevin Hurd for making this partnership happen. The idea of Proven Winners strengthening their perennials presence originated during a conversation between Mark, Rick and partner Henry Huntington at a sales meeting about three years ago. Rick ran with it, eventually suggested a partnership with a leading perennials company—Walters Gardens. Working together, Rick and Kevin championed the idea to fruition, and both Mark and Niles feel their dedication to the partnership truly made it a reality.