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A delicate subject



by MARIA ZAMPINI

The ultimate goal of your business is to make money: I'm thinking that we need to think of this as one more piece of the revenue stream puzzle.

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In the February issue I asked readers to let me know if there was any subject matter they'd like me to address in my column. One of the people I heard from was Wayne Zidonis of Daylilies & More, whose business is located in Lodi, Ohio. He sent me a lovely, complimentary email along with a topic suggestion: an exit strategy for his business.

Wayne told me he and his wife Rita had begun a small, backyard nursery specializing in daylilies and hostas about 18 years ago. He said they accomplished what they set out to do; they grew their business to a comfortable size, established a great customer base, and they have an excellent reputation for their product and services. They are now ready for the next phase of their life. But, they hadn't planned for disposal of their business. By talking with their vendors, suppliers and friends in the green industry, they realized that few, if any, had an exit plan. Wayne wondered if, like others before them, they'll simply be "plowing under" years of work and walking away because no one wants the business.

I'd like to thank Wayne for sharing his story with me and the rest of the American Nurseryman readers, and also for proposing this issue for further discussion. I know I can certainly empathize with Wayne; honestly, I think a lot of us can. As I said to him, I believe he is correct in that there is not as much estate planning going on throughout our industry as there probably should be.

Back in 2000, my accountant, attorney and I made a joint presentation, each from our own perspective, on estate planning at The Ohio State University Short Course in Columbus. The lecture was well attended. In fact, I was somewhat surprised by which family businesses came; there were families whom I was sure were so successful that their estate plan was set. Some were ahead of the curve but still felt the subject so crucial to them that it was worth attending, because you could always learn something new. If they could take away just one item

that helped their family, they felt it was worth it.

On the flip side, there were those who were lagging that much and more behind me in their own estate planning. One husband and wife team even stopped to say how much they appreciated my comments. They asked if I would talk to their father about estate planning because in their family, it was somewhat taboo to discuss. To his credit, their dad did come see me at my booth on the trade show floor. We had a nice talk. I offered encouragement and support. I don't know if I made a difference, but at least I walked away knowing I tried.

In my mind, "estate planning" is somewhat synonymous with death. But it shouldn't come up only when you talk about the company owner's passing. The best game plan would be well rounded, perhaps part of your long-range strategic plan. It should consider all types of scenarios: passing the company to loved ones upon death or retirement; selling the company to family or others, and so on. Regardless, the outcome will be more successful for all involved if approached proactively instead of reactively. The ultimate goal of your business is to make money: I'm thinking that we need to think of this as one more piece of the revenue stream puzzle.

Developing an exit strategy may seem overwhelming, but I believe just like anything else, you must treat it like an elephant and eat it one chunk at a time. I'd like to share two points from my own experiences:

First, it's not easy talking about death. Perhaps it was easier in my family simply because my Dad has had heart problems for the past 30 years and it was a common subject for us. Still, you may find that, like me, at times you need to take the bull by the horns; don't wait for your parents' or the owners' blessing. They may not be happy about it, but you can always play the guilt card and ask, "Do you love me or care about me?" (Of course they'll say yes.) "If so, then I know you wouldn't want to leave me in a

lurch should anything happen to you, right?" (Again, the answer will be yes.) "Wouldn't you do anything to make the transition smooth if you're no longer here?" (Yes.) Are you seeing the pattern here? Get them to say yes to these questions, and it will be harder for them to say no to the discussion.

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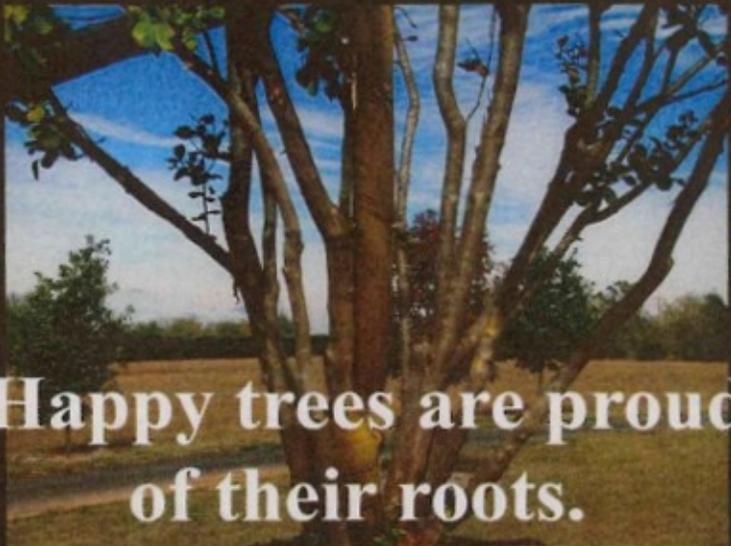
Second, if you're in a family business, I suggest that the estate planning process be delegated to the most appropriate family member available. It's a personal decision, but I believe each family knows who it should be. That person then reports their findings and makes recommendations on what to do—or not to do. If they have a vested interest in the outcome, then they will be more likely to pursue it to the fullest extent. The alternative is to give the responsibility to an employee, whose future does not necessarily depend on the end result.

Because I feel so strongly about the subject of estate planning, I'm going to continue it in next month's column. I've consulted my estate planning attorneys, Jeff Morella and Jim Deasy of Morella & Associates in Pittsburgh, and I'll share some of their thoughts with you in August.

In the meantime, I hope this summer you enjoy a great trade show season and/or time away from the business with your family. Please, if you see me at the shows, I hope you'll stop me and say hello. Until then, travel safely!

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