





Roger Mayes (right) started the business in 1983 with his son Mitch (left) and wife Marilyn (center). In March, he turned over the lead position to Mitch, who now serves as President. Roger remains actively involved as Vice President.

Father to Son

baton rouge, la

FAMILY LEGACY LIVES ON AT LOUISIANA NURSERY

Spend just a few minutes with Roger Mayes and his son Mitch, Co-owners of Louisiana Nursery Home & Garden Showplace in Baton Rouge, LA, and you'll witness a strong business partnership built on mutual respect and rooted in a solid father-son relationship.

Roger, 66, and Mitch, 42, finish each other's sentences. They make each other chuckle. They speak in turn of the key details of their shared history, which includes building a part-time, temporary plant stand into a four-store independent garden center operation registering \$10.2 million in annual sales, ranking it No. 48 in *Nursery Retailer's* IGC 100 listing of the nation's leading independents.

Father and son generally agree on their major business goals and philosophy: to build value with good, experienced, caring employees and an exciting and well-presented merchandise mix.

However, they will debate - sometimes intensely and usually privately - the smaller business decisions, hashing over the pros and cons until one has convinced the other. And then it's over - they're onto the next thing and never hold a grudge.

"We're both pretty strong-minded, so sometimes it takes revisiting things a few times," says Roger. "I'd say that 'right' usually prevails ..."

"... whoever it is," finishes Mitch.

Ownership Changes Hands

Mutual respect is the key, says Roger, well-aware that not all family businesses enjoy

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such rosy relations. This is why he's carefully tended the relationship with Mitch, who was 16 in 1983 when the business started. "Partly because we started out together, Mitch took a lot of ownership for the business in the beginning," says Roger.

He's shifted power and ownership in recent years to his son, bit by bit, until this past spring, on March 26, when he announced to his store managers that Mitch, who began the day as Vice President, would end it as President. Roger stepped down from President to Vice President and will hold 52 percent of the company's stock until a stock swap leaves Mitch with 52 percent and Roger with 48 percent. It has been a 15-year transition of stock ownership.

"Mitch is probably the most plant-knowledgeable person in the state. I doubt if there's a person in the state of Louisiana who knows more about plants and their botanical names, their growing habits and where to get them," Roger says.

Of Roger, Mitch says, "He's my father and my mentor. I've been in the nursery business for 26 years. What I know, I learned from him."

Both Roger and Mitch bring complementary strengths to the table. Roger is the visionary, handling planning, marketing and strategy. Mitch takes charge of the day-to-day operations, handling much of the communications and buying. They consult each other constantly about decisions, and make so many together that Mitch worries what would happen if they didn't have each other.

For now, the pair will continue to function as nearly equal business partners with the charm of a father-son dynamic. Together, they have led their company to an estimated 25 percent marketshare in their hometown.

The Stores

All four Louisiana Nursery stores are in Baton Rouge.

Each store differs slightly, depending on the surrounding neighborhood and demographics. The Florida Boulevard store,

for example, has an older, loyal core of customers, so it offers a 10 percent senior's discount every Wednesday. The Prairieville store, open since 2005, serves one of the region's fastest-growing parishes and does well with foundation plantings such as trees and shrubs for new landscapes.

Together, Roger and Mitch show off the 96,000-square-foot Coursey Boulevard

Showplace. Roger, a big believer in the benefits of independents working together, served on Home & Garden Showplace's advisory board for more than 10 years.

The Coursey Boulevard store's indoor selling area is set up like a racetrack, with seasonal merchandise in the center and core items like fertilizers and gifts around the perimeter.

Customers find a vast section of containers, from cement and metal outdoor pots to indoor pottery. "[Containers] is one of several areas where we were cutting-edge, and it worked," says Roger. "It's a good margin department, and now it's a nationwide phenomenon." Staying on the cutting edge of color is the key to the category, he says. Ceramic pots in rich, vibrant colors with shiny glazed finishes do particularly well.

Outdoor fire pits is another area in which the Mayes family was ahead of the curve. A miss, though, was indoor stoves, a theoretical niche now marked down and on clearance to move them out.

The racetrack strategy continues into the greenhouse, where houseplants abound. This is not a category Louisiana Nursery yields to the chains. "We do not back away from categories because of box stores," says Roger. "But we do try to dodge their brands and sizes."

Outside, annuals and perennials cover nearly all 86,000 square feet. This area is "constant chaos," says Mitch, because it is continually being replenished and re-merchandised. From February through April, the majority of color plants turn over every week, out of popularity as well as necessity - in Louisiana's heat, the plants won't hold beyond two to three weeks.

Under a partial canopy of tall trees and shade cloth, the central focal point is a complete outdoor room, built up on a platform. A trellised railing skirts the room but keeps it airy with wicker furniture oriented around a copper-accented outdoor fireplace, flanked by two giant taupe urns



store, the company's third store, built 14 years ago with many elements of Home & Garden Showplace prototype stores.

Home & Garden Showplace functions as a cooperative of 240 independent retailers nationwide under the True Value umbrella and serves as a buying and merchandising group. It offers plans for merchandising, marketing and store layout, as well as promotional strategies IGCs can tailor to their market.

In 1987, Louisiana Nursery joined other independents under the Servistar (now True Value) banner, and in 1989, became an inaugural member of Home & Garden

planted with palms. A painting hung on a trellised wall, hot pink hanging baskets and candelabra complete the look.

One key to Louisiana Nursery's success, says Roger, is the ability he and Mitch have to adapt good ideas to their operation. "I consider us to be the world's best copiers of good ideas," says Roger, who notes that spotting a good idea is half the battle - executing it properly is the other half.

Layoff Leads to Opportunity

Roger's idea in 1983 to start selling plants on a vacant corner lot was 100 percent original.

For 25 years prior, Roger worked for Woolco department stores, a division of the former F. W. Woolworth Company. He had risen to regional manager, until learning one Friday on a radio broadcast that the company was closing down U.S. operations and laying off all of its employees.

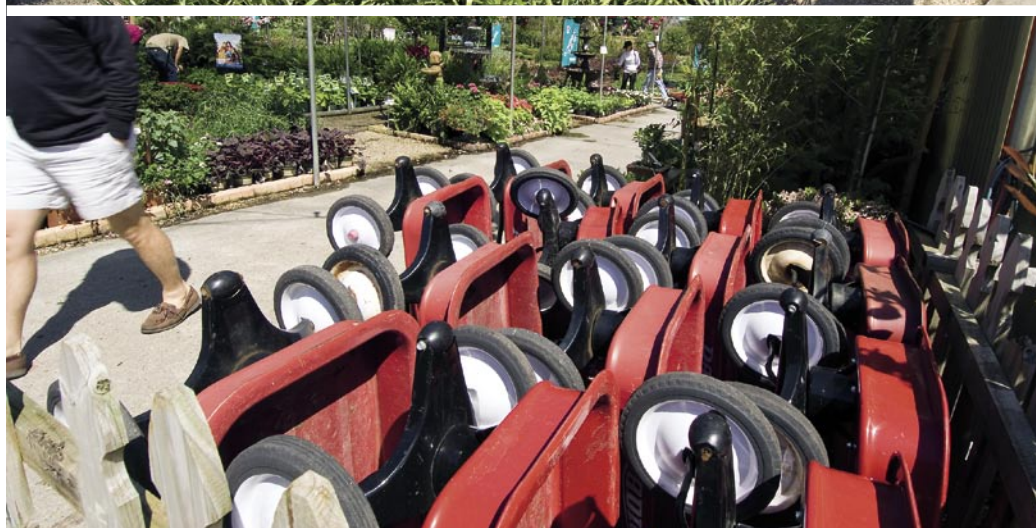
"The big thing was, I just needed a job because my family was young, and I was a very successful up-and-rising mid-level management person one day, and the next day, I had no job."

While stopped at a red light, Roger noticed a vacant lot on the corner and thought, "This would be a good business location for something."

He quickly found the lot's owner, leased it for 30 days, and put up a portable building about the size of his current back room office to sell plants.

"I had never dreamed of owning my own business, but after that day, I couldn't think of anything different," says Roger. The plan was to operate as a seasonal garden center. He found a full-time job and worked at the nursery on weekends with help from Mitch. Marilyn, Roger's wife and Mitch's mother, also played an integral role in the early years, doing whatever needed to be done. Among other things, she handled much of the banking.

Within a year, Roger heard through the grapevine that a year-round nursery nearby was looking to get out of the business. Roger leased the facility, bought the merchandise, and Louisiana Nursery had its first brick-and-mortar location, on Florida Boulevard.





vital stats: louisiana nursery

Business Summary

RETAIL LOCATIONS, YEARS FOUNDED

Florida Boulevard, 1983; Perkins Road, 1986;
Coursey Boulevard, 1995; Highway 42, 2005

ANNUAL GROSS SALES \$10.2 million

NURSERY RETAILER IGC 100 RANK No. 48

PERCENTAGE RETAIL 98%

PERCENTAGE RE-WHOLESALE 2%

CUSTOMER COUNT - UP OR DOWN? Slightly down

AVERAGE SALES TREND Last year, up 6%; this year, down 3%

AVERAGE SALE (\$) PER CUSTOMER \$50.35 (2009 year to date)

NUMBER OF ANNUAL INVENTORY TURNS 5.38

Local Market

CUSTOMER RADIUS, IN MILES 20

NUMBER OF PEOPLE IN RADIUS 700,000

NUMBER OF GARDEN CENTERS IN RADIUS 15

NUMBER OF MASS RETAILERS THAT

SELL L&G IN RADIUS 24

Estimated Square Footage

TOTAL RETAIL 12 acres

OUTDOOR SALES 9 acres

INDOOR SALES 23,000 square feet

RETAIL GREENHOUSES 28,000 square feet

STORAGE WAREHOUSE 6,000 square feet

NUMBER OF PARKING SPACES 240

Hours of Operation

DAILY 9 a.m. - 6 p.m.

WINTER 9 a.m. - 5 p.m.; Christmas 9 a.m. - 8 p.m. and later

PEAK SEASON Friday, 9 a.m. - 7 p.m.; Saturday, 8 a.m. - 6 p.m.;

Sunday - Thursday, 9 a.m. - 6 p.m.

Employees

FULL-TIME Off season, 45; Peak season, 60

PART-TIME Off season, 20; Peak season, 40

DEPARTMENT MANAGERS 18

OFFICE STAFF Off season, 4; Peak season, 5

WHAT EMPLOYEE INCENTIVE AND/OR
TRAINING PROGRAMS ARE OFFERED?

Medical insurance, retirement plan, year-end bonus,
vacation and paid time off, life insurance, May sales contest,
managers biweekly bonus

Payment & Registers

CREDIT CARDS 53%

CASH 37%

CHECK 9%

IN-HOUSE CHARGE 1%

NUMBER OF REGISTERS IN PEAK SEASON 18

NUMBER OF REGISTERS YEAR ROUND 9

POS SYSTEM IN USE Activant - Eagle

Vendor Relations

WHAT SERVICES ARE VENDORS ASKED TO PROVIDE?

"Good, open, straight-talk communication. We are very loyal to
our better vendors. We expect the same in return."

WHO IS YOUR FAVORITE VENDOR?

Greenleaf Nursery - Premium-quality plants

Barr Evergreen - Beautiful Fraser Firs

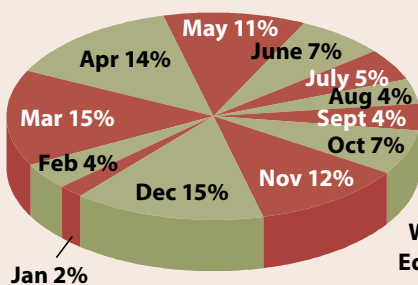
Coach's Cedar Creek Farms - Great quality and service

Phillips Bark - Consistent and reliable

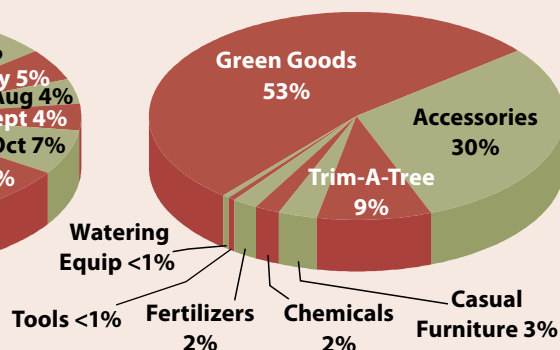
WHAT INDUSTRY ASSOCIATIONS/GROUPS

ARE YOU AFFILIATED WITH? Home & Garden Showplace,
Garden Centers of America, Louisiana Nursery and Landscape
Association, Louisiana Retail Association

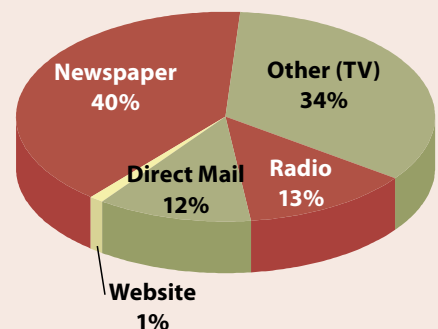
Monthly Sales Percentages



Product Category Breakout



Advertising Expenditures





Turning the Corner

Roger credits the passion he and Mitch have for business as a key to the garden center's success. "I approached it as a business first instead of being a plant person. Margins, sales, cost-to-sell."

Mitch adds, "We're 'numbers' people."

Roger also credits their persistence. The store enjoyed initial success, even in the economic downturn of the early 1980s, which told him he was on to a good opportunity. "We really did not have the financial base we should have had. We didn't have the capital it should have taken to start a garden center chain," he says. "We were just absolutely persistent. We were either broke and didn't know it or wouldn't admit it for many years."

Mitch adds, "We fought through it."

The late 1980s marked a turning point for the IGC. It had quickly expanded to three stores, was operating leased garden centers at Sears department stores and was running a growing operation. It had spread itself too thin. A small business loan and a conscious decision to refocus on its core garden center business made the big difference.

So did a change in strategy. When the company first began, its identity was a low-price merchant and aggressive advertiser, and even included "outlet" in its name. But discounters owned that space, and big box stores were arriving on the scene. "We found ourselves in the middle of the road, and the cars were running over us," says Roger. "We could no longer afford to be the low-priced seller."

At that point, they had joined other independents. "I guess you would say we hitched our wagon to the Home & Garden Showplace concept," Roger says. And with that, "outlet" was dropped from the store name in favor of "Louisiana Nursery Home & Garden Showplace." Since 1990, the mission has been to showcase quality, selection and service.

Katrina's Lasting Effects

In 2005, the effects of Hurricane Katrina changed the business dramatically. The Baton Rouge region suffered little physical damage - August 2008's Hurricane Gustav

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left four times the physical damage of Katrina to the stores in its wake. But as one of the closest areas of refuge for New Orleans residents, the population spiked practically overnight. A few months later, once people returned home or elsewhere and the gridlock cleared, the population leveled off at 20 percent higher than pre-Katrina levels, leading to a greater population in the IGC's trade area. A sales gain of about 20 percent, from just over \$8 million in 2005 to more than \$10 million in 2007, mirrored the population trend.

The Katrina effect worked in Louisiana Nursery's favor because the store, hardly damaged, had Christmas trees and decorations for that first post-Katrina holiday season when many other retailers in the New Orleans area were still getting back on their feet. The two metro areas are about an hour's drive apart and continue to stand as distinct locales with their own culture, but there was a lot of traveling back and forth immediately following Katrina for essentials,

and some of those folks still make the trip to shop at Louisiana Nursery.

United They Stand

Roger and Mitch are careful to show a unified front in front of the staff and in public - most of the time.

It's easy since they generally agree.

"It's true that we seldom disagree about the big things like building a \$100,000 greenhouse or buying a \$100,000 POS system," says Roger. "But we'll have a knock-down drag-out on whether to raise the price of azaleas \$2 or the value of putting a foil hat on a poinsettia."

As Roger starts to tell the story of their debate over the price of azaleas one day while driving through Florida on a tour of nurseries, Mitch laughs, well aware of what's coming. They were so involved in the lively discussion - Roger arguing for and Mitch against a \$1 increase on \$5.99 azaleas and a \$2 increase on \$14.99 azaleas - they temporarily forgot all about Earl

Rish, a store manager, riding along in the backseat. Finally, a few minutes after the debate lost its steam, Earl piped up to tell them they'd run through two toll booths without paying.

Mitch chuckles, "I actually just got the bill. It's like a 75-cent toll but we got charged \$25 [for each toll, so] \$50 because we just forgot and went through the pass part instead of paying for the toll."

Mitch prevailed and the azalea price held. But they agreed to review all the nursery stock pricing and gradually raise prices to improve margins. "It's always better to strategically lose a battle if it helps to win the war," says Roger.

They've always had a good relationship, says Mitch, "We've never had some big issue we never resolved."

Says Roger, "The concern about that is always out there. You have to guard against it to some degree. If you carry grudges, it's going to come back to bite you."

- Lisa Duchene, IGC Retail Correspondent

