

# Chapter 25

## Sales and Customer Relations

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### Abstract

**Sales and customer relations are of increasing importance in bareroot nursery management. A nursery should determine product demand through independent market analysis, establish its own nursery concept (or self-image), and then promote its products and services by personally contacting potential customers and by advertising. Once a sale has been made, good customer relations between nursery management and customers help assure repeat sales and expose problems and opportunities to serve customers better. Research and testing programs at the nursery and in field plantations enhance customer relations and demonstrate a mutual willingness to solve problems.**

### 25.1 Introduction

Sales and customer relations are gaining importance in bareroot nursery management as the number of independent nurseries increases. Before the mid-1970s, very little bareroot reforestation stock was grown by independent producers. Public agencies grew most of the seedlings they needed in their own nurseries or under cooperative agreements with other agencies. Private industry's needs were satisfied by their own nurseries, industrial association nurseries, or state nurseries under contract.

However, the emphasis on reforestation during the 1970s resulting from economic factors and the influence of forest-practice laws created a demand for bareroot seedlings that considerably exceeded the combined capacities of established Northwest nurseries. Some of this demand was satisfied by independent container nurseries, but the problems associated with container-grown stock caused agencies and private-forest land managers to look for new sources and techniques. As a result, several independent bareroot nurseries producing mostly

reforestation seedlings were established around 1975. If these nurseries were to successfully compete in a market already dominated by public agencies and private industry, then sales and customer relations clearly merited high management priority.

This chapter addresses factors influencing sales and customer relations in bareroot forest-tree nurseries so that managers can better evaluate the effectiveness of these activities in their own operations.

### 25.2 Sales and Customer Relations Defined

A distinction should be drawn between **sales** and **customer relations**, even though the two tend to overlap and mutually support each other. Sales activities relate mostly to promoting nursery products and services through personal contact and advertising. Customer relations activities relate to the ongoing dialogue between nursery managers and seedling customers about stock quality and performance once a sale has been made. The regularity and success of customer relations will significantly affect subsequent sales.

Sales and customer relations are not only of concern to independent, private nurseries. Public and industrial nurseries have customers with the same or similar needs as those of independent nurseries and must pay equal attention to customer satisfaction. Active contact between customers and nursery managers is essential before, during, and after the nursery production period, regardless of nursery ownership type, if good customer relations are to be established and future sales assured.

### 25.3 Sales

#### 25.3.1 Market analysis

Market analysis is essential for determining the demand for bareroot seedlings as well as their quality. Sites for new nurseries should be selected, at least in part, according to their suitability for producing the stock types in demand. Already existing nurseries should frequently assess their markets to evaluate whether their balance of stock types and range of services are properly tuned to current customer needs. Economic changes, legal requirements, and special situations such as forest disasters caused by fire, wind, volcanoes, or pathogens all bear on market conditions for seedlings.

Price levels for species and classes of stock must be periodically assessed for competitiveness. Most stock prices are published either in state information bulletins or in special advertisements from individual private nurseries. The most authoritative compilation of market prices is prepared by the states of California and Oregon, which regularly publish lists of

available stock (generally, by asking price per specific lot) from all nurseries wishing to contribute that information. Surplus-stock lists and prices of federal and state nurseries are based on compiled costs of certain classes of stock and are not considered realistic expressions of "market" values.

Market analysis must be tuned to the distinction between contract growing, in which the customer asks the nursery to grow a certain number of seedlings, and speculative growing, in which the nursery manager estimates market demand and grows seedlings on the basis of that estimate. Speculative seedling production must be carefully planned to avoid overgrowing, and astute market analysis is the only basis for doing so. Seed-supply levels and seedling stocks growing in other nurseries can sometimes be keys to marketing decisions when substantial shortages develop in specific types or age classes in a given species. Records of annual sales of Christmas trees as well as popularity of certain species can be good pointers in a market analysis.

Independent market analysis is preferable to internal analysis because it likely will be less biased. Nursery owners and managers may weigh future market choices in light of past decisions to avoid embarrassing themselves and thereby compounding their earlier mistakes.

### 25.3.2 Nursery concept

Concept—an important consideration for every nursery whether public or private—is formulated from the specific characteristics of each individual nursery. Sales activities should be related to nursery concept; for example, at Lava Nursery we concentrate on high-elevation and arid-zone stock. Most nurseries are located in climates that closely match those of certain planting areas and that favor the requested stock types; this factor should be emphasized by sales personnel to help assure customers that their seedlings will be exposed to the least climatic risks and will probably be available for lifting at a time compatible with customers' planting schedules. Proximity of a nursery to customers' plantations also is an asset and should be emphasized in sales. Customers generally are more comfortable when seedlings are being grown close to their plantations because they can visit the nursery frequently, communicate directly with the nursery manager, and have less anxiety about transportation costs and unknown factors in an unfamiliar area.

Elemental to any nursery concept is the goal of modern forest management, which focuses on rapid and effective regeneration of areas recently harvested or of underproductive forest land.

### 25.3.3 Selling approach

Smaller nurseries rely on their owners or managers to do most of their selling, whereas larger corporations utilize sales specialists as well as their nursery managers. Although motivations of private and public nurseries may differ, selling methods in all classes of bareroot nurseries are much alike. Generally, sales personnel with a thorough grasp of cultural techniques affecting seedling morphology and physiology—and the ability to articulate it—enhance sales. Conversely, sales personnel who promise seedling specifications and performance that are clearly impossible or who guarantee uniformly good results from seedlings grown off site damage nursery credibility—and sales.

#### 25.3.3.1 Communication

Personal contact is the best sales approach; it is the most time consuming but the most rewarding. In-person contact assures good communication and the greatest opportunity for "give and take." It is the best way to instill confidence in a customer and the best means of learning about customer

needs. This face-to-face contact is most effective in the actual nursery environment or customer's plantation; office visits are less satisfactory because they often are interrupted by other business and lack the immediate presence of soil, plants, equipment, and employees.

Telephone communication allows each party more flexibility in timing, avoids the considerable commitment and expense of travel, and is essential for arranging in-person sales and for follow-up work. Ideally, personal contact should precede phone contact. Although the remote nature of telephoning is a disadvantage, the carry-over of confidence from an in-person contact can enhance the value of many subsequent phone calls.

Written communication suffers from the delays inherent in composing, typing, mailing, and reading but has the advantage of providing exact, retrievable records for both parties. In the case of complicated technical information or business procedures, written contact is absolutely essential. The growing sophistication of bareroot nursery operations, the maintenance of seed-source integrity, and the increasing range of seedling specifications demand clear understanding of what is being bought and sold. Good written records on consistent formats using consistent terms provide both the customer and nursery manager with the basis for mutual understanding of a seedling production order. Personal rather than form letters are preferable, though they are less time efficient. Form letters containing general information such as seedling availability, special services, and prices are useful but should be followed up by personal contact.

#### 25.3.3.2 Advertising

Advertising can take the form of special publications, pamphlets, form letters, periodical ads, and convention booths and programs. Electronic media advertising is not economically feasible for individual nurseries (though it may be more so through nursery-association sponsorship) because the size of the audience—bareroot seedling users—is not all that large. Local radio or TV advertisements may be warranted in heavily populated areas where many small woodland owners or Christmas tree growers could be expected.

Printed advertising should be directed at the most likely outlet for seedlings. Nurseries producing stock for Christmas trees should concentrate on grower-association publications and compile a mailing list of members who advertise in them. Associations of small woodland owners generally have local and statewide newsletters. State forestry publications have been willing to mention availability of private and public nursery stock. Professional publications such as the *Journal of Forestry*, *Western Forester*, and *American Forests* are excellent places to advertise, and trade publications such as *Forest Industries* provide a broad range of potential buyers. Regardless of specific format, however, all printed advertising should contain two basic features. First, the nursery and its concept should be briefly introduced. Second, the special nature of the product prompting the ad should be clearly and concisely defined, accompanied by prices, terms, and ordering information.

Attending meetings and field trips can combine advertising with personal contact. Booths at conventions where printed material, photos, videocassettes, and samples are available and where personal representatives are accessible can be very effective. However, giving away sample trees probably should be avoided; although a lasting reminder of their donor, these trees are likely to be overstressed and die shortly before or after planting. Forestry- and Christmas-tree-oriented meetings as well as forest-industry and horticultural exhibitions all can yield business. Nursery owners or managers can increase their exposure considerably by presenting a special subject at one of these gatherings; care should be taken to make the subject fit the convention orientation or theme.

For good results, advertising should be specific. A general ad format through which special messages can be promoted is probably best; customers will readily recognize the nursery through the ad's format and easily identify the current "special." Even the general format can reflect a particular emphasis—for example, a unique location or product, special services, or unusual capabilities.

### 25.3.3.3 Pricing

Pricing practices are the stickiest aspect of sales. Basically, costs must be recovered and incentive provided by revenues from seedling production. If pricing were related only to costs plus a reasonable return on investment, it would be fairly easy—although inflation will always be problematic on long-term growing orders. But other factors must be considered—and the more competitive the seedling market, the more acute these factors become.

Competition is very important in pricing policy. Nursery managers must meet what their competitors are charging for the same stock or outproduce them in quality. The market analysis suggested earlier (see 25.3.1) should weigh heavily in determining prices and assessing competition in the market-place. However, competitive prices are meaningless without adequate margins to cover costs, reward risk-taking, and provide operational cash flow. Sales can be enhanced by giving discounts for volume, organizational affiliation, or long-term repeat orders. But discounts must be cost effective, at least recovering a saving in unit cost of production or unit cost reduction in overhead to justify the reduced unit revenue.

Erratic pricing policies can create credibility problems with customers. For instance, selling growing services at a certain rate to regular customers and then bidding a much lower rate on a government contract would be a good reason for regular customers to feel they were being gouged. If nursery managers keep good cost records and have a clear goal for profit and risk (including inflation), they will not compromise prices for the sake of trading dollars.

### 25.3.4 Recordkeeping

Sales records are not only essential for financial management of the nursery—they are the basis for sales projections. Records are valuable for determining profit margins for specific customers, for species, for age classes, for sections of the nursery, and for different cultural practices as well as for pinpointing seedling performance problems. Shipping records should indicate all peculiarities of shipments to customers.

Records should be as simple and accurate as possible yet tell the story. A recordkeeping system **must** be adopted to assure that there are no gaps between what customers want and what they receive. A small nursery can do well with a handwritten system coordinated among sales, operations, and administration as long as all personnel understand and consistently follow it. Larger nurseries—those producing more than 6 or 7 million seedlings per year, depending upon the number and diversity of growing orders and speculative sales—should consider computerization (see chapter 27, this volume). A properly selected and programmed computer system can provide all elements of nursery management and operation with a greater range of data in rapid fashion. Answering customers' questions regarding the status of their accounts and production requests can be greatly facilitated.

One of the most serious problems in nursery recordkeeping is the failure to make modifications to reflect shifting customer needs; for example, changes in harvest programs frequently call for changes in seedling production, processing, and shipment. Any changes should be entered on nursery records immediately, and staff should be trained to check all records before proceeding.

## 25.3.5 Employee morale

Sales of nursery stock and services are not only the responsibility of sales personnel, managers, or owners. Every employee who cares about his or her job and its future should be sales conscious. The team effort engendered by high employee morale is the best sales image that can be presented to a customer. In fact, employees who work well together and care about the results of their work cannot help but produce high-quality seedlings from reasonably good nursery facilities. Management's task is to instill this "team spirit" and keep it alive and well by setting understandable goals and objectives, providing adequate training to assure quality production, rewarding dedication and high standards, and, most of all, listening to employees and taking seriously their comments and concerns (see chapter 26, this volume). Employees who take pride in their work and their employer keep their premises neat and clean and their equipment in top condition; they display an air of confidence and satisfaction in reaching job objectives. Extra dollars spent on developing this "team spirit" are just as effective as those spent on advertising and other sales activities.

## 25.4 Customer Relations

Regardless of ownership type, continuing contact with customers to whom a nursery has sold trees or provided growing services is essential and a strong complement to any sales program. This contact not only assures repeat sales but exposes problems and opportunities. Follow-up contact, preferably in person at the customer's plantation, is the best way to assess seedling performance and to analyze and determine the most effective means of supplying well-matched stock. Similarly, reasonably frequent customer visits to the nursery are valuable; mutual understanding of nursery specialities and limitations is fostered in this way. Subsequent phone conversations and letters are so much more effective once the nursery manager and customer have exchanged visits and developed rapport.

Aside from personal contact, customers should regularly be provided with written reports on the status of their seedlings. Where problems occur, color photos, preferably in time sequences, should be used to identify these problems. For example, Lava Nursery has a form that reports the status of each seedling lot for each customer. On the back of this form is a questionnaire requesting items such as desired packing dates and material, size specifications for sorting, and disposition of surplus trees. This combination form enhances nursery recordkeeping and provides customers with timely information, prompting them to make decisions vital to the nursery program.

Research and testing programs at the nursery and in the field are good customer-relations tools. These mutual efforts at solving problems defuse the old animosity that developed when nurseries just grew trees and customers just planted them. Common recognition of problems and joint efforts at solution not only are more effective, they are the basis for developing confidence and respect between the two parties—and, consequently, increasing sales.

## 25.5 Conclusions and Recommendations

Nurseries growing bareroot seedlings are faced with the task of attracting and keeping customers. Sales are best effected through direct personal contact, by phone, or by personal letter. Indirect approaches via advertising and convention displays reinforce any personal contact previously established. To sell its products and services most effectively, each nursery

should present a strong concept emphasizing its unique features. High employee morale is a key component to sales success; in general, customers will move their growing orders to nurseries where employees take a professional and caring approach.

Overselling both quantity and quality should be avoided. Potential customers should be made aware of hazards as well

as benefits to secure trust and confidence between seller and purchaser.

Customer relations are an essential adjunct to a sales program. The rapport developed between nursery manager and customer aids communication, assuring better seedling quality and performance and more sales.