

the man behind the curtain

Frans Jager explains the benefits of working with small independent distributors

Chances are you've never heard of Frans Jager. You'll probably draw a blank on the name of his organization, too. But odds are you're doing business with them indirectly, and you don't even know it.

Jager runs PrimeraTurf, a cooperative group of more than 40 smaller independent turf distributors throughout the nation. It helps little distributors act like big companies via collective bargaining power.

After a long career in the fertilizer business in Europe and America, Jager took over purchasing for LESCO in 1992. For eight years, he was the go-to guy for the chemical, seed, fertilizer and equipment manufacturers who wanted to do business with the 800-pound gorilla of turf distribution. He was the behind-the-scenes person who helped orchestrate a key part of the entire golf/turf supply chain. But, LESCO's financial and management troubles led him to part ways with the company around the new millennium.

A few years before that, the first professional products distribution cooperative called Prokoz had been created, and more than a dozen larger independent turf distributors joined to try to get the same pricing as the big boys. But many smaller companies had been shut out by Prokoz and were attempting to form a second group of their own. Thus, at the GCSAA show in Dallas in 2001, Jager sat down with a handful of distributor owners and agreed to head up a new group to be called PrimeraTurf. He's been running the co-op ever since.

TELL US ABOUT YOUR ORGANIZATION AND TYPICAL MEMBERS.

PrimeraTurf had been created in 2000 by three independent distributors from Virginia. That time was probably the peak of the belief that the national buying model would drive the independents out of business. And many independents failed at that point already.

The key issue was access to products at a competitive price. Most of the small independents didn't have a contract with the major chemical companies who controlled the market through patents. They had to buy through a dealer (Helena, Terra, etc.). The manufacturers liked it that way because it was simple and they just had a few people to deal with. The independents couldn't stay competitive because they had to buy from the people they sold against (dealers).

It took PrimeraTurf a while to grow into something that had substance. We now have 42 members, most of which are relatively small, family-run distribution companies that have been selling soft goods to golf courses, sports facilities and lawn care operators in their communities for decades. Typically, they have the local expertise, they're dedicated to their customers, they have everything they own tied up in their business, and they're passionate about the market.

The only criterion for joining PrimeraTurf is that we want it to be a co-op of true independents. That means it's independently owned and the owner has to be actively engaged in the business. Our members give the end user a choice of dealing with large

national companies or the local guy.

YOU MAKE IT SOUND LIKE WAL-MART VERSUS MAIN STREET U.S.A.

There are similarities, but in our business, Main Street U.S.A. has been kicking Wal-Mart's butt the past few years.

WHY?

Local service and knowledge and long-term relationships between salespeople and customers. This is a relationship-driven market, and independents tend to be better at building and maintaining those relationships. PrimeraTurf's role is to help preserve the local distributors in the golf market by creating a level playing field in terms of pricing.

WHY DO YOUR MEMBERS SEEM TO FOCUS ON GOLF AS OPPOSED TO SOME OTHER PARTS OF THE GREEN INDUSTRY?

Golf is a desirable market because it's the epitome of relationship-driven selling, and that's what the independents are good at. The large lawn care business is extremely competitive and has become a direct business mainly.

WHY DO MOST MEMBERS SPECIALIZE IN SOFT GOODS RATHER THAN IRON?

Almost all of our members sell chemicals, fertilizer and seed but with different emphases. Many of our companies have 'seed' in their names, and that was the basis for their creation. Seed has pretty much stayed out of the hands of the nationals, so it's been the



Photo: D.S. Resch

anchor of many independents. Fertilizer is a natural adjunct of that. Most of these small companies didn't have good direct access to the chemical side of the business.

IS PRIMERATURF A COLLECTIVE PURCHASING ORGANIZATION IN THE TRUEST SENSE?

We've chosen not to work as a purchasing co-op. We negotiate supply arrangements for our members. The transaction still takes place between the manufacturer and the member, but we've helped to set most of the terms and conditions for our members. It's much like collective bargaining, but the member is the final judge of what he takes advantage of. He can choose to pull a deal with a supplier off the shelf or not.

IS A CO-OP DIFFERENT THAN A MASS-PURCHASING GROUP?

There are a range of different co-ops. Some are general like us, some are true co-ops like Ace Hardware where everything is centralized or there are small businesses like IGA stores that give up their identity. We offer a minimal level of cooperation and coherence. The commonality is that we operate in a small market. Our members collectively represent about \$350 million in annual sales. That's probably a shade under 10 percent of the market for the products we're most interested in – fertilizer, chemicals and seed. We might grow some, but it's not realistic for us to believe that we'll be a billion-dollar co-op.

That dictates how we go about the business. Our members don't want to build up an empire with a huge office staff and a lot of overhead. It doesn't make sense given the small size of our market. We'll do as much as we can with a minimal resource commitment. We only have two employees (Jager and his second-in-command, Terry Boehm). As a member, you've maintained your independence except you've chosen to source your products collectively.

SO, HOW DOES THAT BENEFIT THE AVERAGE SUPERINTENDENT?

Competition. It guarantees they have a choice

between Wal-Mart and the local store. They can do business with a large corporation that can probably get them anything, or they can do business with guys they've known all their lives and can trust most. It preserves that option.

WHAT ARE THE BIGGEST CONCERNS YOU AND YOUR MEMBERS HAVE ABOUT THE HEALTH OF THE MARKET?

Regulatory issues are probably at the top of the list. We're losing the battle against the people who feel that applying anything to turf is unnecessary. Canada is a great example, but there are pockets in the United States that want to eliminate the freedom to use tested, well-regulated products. RISE is warning the new leadership of the Democratic Party side is going to put a lot of these issues back on the Congressional agenda, but the biggest threat is still at the local level.

WHERE DOES PRIMERATURF STAND ON THE GENERIC CHEMICAL ISSUE?

Our members are voting with their pocket-books. They understand that the difference between branded and post-patent products in terms of performance can be minimal. But we've embraced the concept of a balanced approach because we believe the brands are an important element to keep value in the marketplace. If this was just a completely generic game, nobody would make money. The end user might benefit to some extent in the short term. The expiration of patents means competition and lower prices. But in the long-term, I can't see a scenario in which the business would stay healthy for our members if that part of their business isn't profitable.

People should maintain a balanced approach and do what's best for the customer's comfort level. Conversely, if the customer

PrimeraTurf members

COMPANY NAME	LOCATION	COMPANY NAME	LOCATION
Advanced Turf Solutions	Fishers, Ind.	Maxwell Turf & Supply Co.	Wyandanch, N.Y.
Agra Turf	Searcy, Ark.	Newsom Seed	Fulton, Md.
AG Rx	Oxnard, Calif.	Nursery Connection, LLC	Hubbard, Ore.
All Pro Horticulture	Farmingdale, N.Y.	Outdoors	Maple Heights, Ohio
BTSI	Frankfort, Ill.	Penn State Seed Co.	Dallas, Pa.
Central Farm & Garden	Wooster, Ohio	Pro Chem Sales	Amarillo, Texas
Conserv FS	Woodstock, Ill.	R. F. Morse Turf & Ornamental	West Wareham, Mass.
Dickens Turf & Landscape	Nashville, Tenn.	Seeton Turf Warehouse LLC and Atlantic Golf & Turf	Mount Laurel, N.J.
Fertizona-Fennemore LLC	Waddell, Ariz.	Sigma Organics	Nashville, Tenn.
Gard'N Wise	Wichita, Kan.	Southern Seeds	Middlesex, N.C.
Grass Pad	Olathe, Kan.	Spring Valley	Jackson, Wis.
Green Industries	Italy, Texas	S.R.C. Corp. dba Steve Regan Co.	Murray, Utah
The Greenkeeper Co.	Omaha, Neb.	SynaTek	Souderton, Pa.
Green Velvet Sod Farms LTD	Bellbrook, Ohio	TenBarge Seed and Turfgrass	Haubstadt, Ind.
The Chas. C Hart Seed Co.	Wethersfield, Conn.	Tri-Turf	Traverse City, Mich.
Herod Seed	Richmond, Va.	Turf & Garden	Chesapeake, Va.
Horizon	Orange, Calif.	TurfLinks	Hudson, Mass.
Howard Fertilizer & Chemical Co.	Orlando, Fla.	Veatch Chemical Co.	St. Louis, Mo.
J Mollema & Son	Grand Rapids, Mich.	Walker Supply	Bridgeville, Pa.
Landscape Supply	Roanoke, Va.	Westchester Turf Supply Co.	Lincolndale, N.Y.
Matrix Turf Solutions, LLC	Warners, N.Y.	ZIMCO Supply Co.	Sioux City, Iowa

has a budget issue and he's better served by it, the generic solution might be better. We're also urging our members to look at the new proprietary chemistry. If you're in the distribution business, the last place you want to be is 100 percent generic. The short-term margins might be good, but a short-term situation isn't viable in the long run.

HOW WOULD THE INDUSTRY CHANGE IF GENERIC PRODUCTS DOMINATED THE MARKET?

First, there's not much new chemistry in the pipeline, so post-patents will dominate the market. And there's probably less of a need for new proprietary products than ever. There are few agronomic issues that haven't already been addressed by existing products. But better environmental characteristics and things like that are still desirable. The basic manufacturers almost have ceased to be manufacturers. They're milking the same basic products they've had for years and almost stopped looking for new chemistry.

Remember, our little market isn't driving new products. All the agricultural research has shifted over to genetic engineering and biotechnology. That's not in our favor. The ag business has shifted. Where they've lost value, they've gained value in genetically modified organisms. I don't see that happening in turf.

There needs to be a shift to providing services as much as products. Call it 'consultative selling' if you like. Also, distributors will look to other areas besides chemicals (foliar fertilizers, supplemental products, etc.) that offer good value and good profits.

It's even a bigger challenge for the national distributors than it is for our members. They rely so heavily on the chemical products. If you're a LESCO or a Helena and your profits on the chemical side of the business are eventually going to be a third of what they are now, it's going to have an even bigger impact. Independents are going to be much more creative finding solutions and staying profitable.

SOME SUPPLIERS OFFER INCENTIVES FOR

PURCHASING RANGING FROM DONATIONS TO TURF RESEARCH TO VACATIONS, AND THE GCSAA RECENTLY ISSUED A VALUES STATEMENT THAT SEEMS TO TAKE ISSUE WITH ACCEPTING PERSONAL GIFTS FOR GOLF COURSE PURCHASES. WHAT'S YOUR TAKE?

It could change the landscape dramatically, particularly for the branded companies. Those incentive programs are a huge factor in maintaining their position in the market. That said, for the health of the business at large, they're the wrong thing to do. It's not healthy for a superintendent or customer to be driven toward a product if he's only buying to get a big-screen TV or a trip to Hawaii. If I were the owner, I'd go crazy about that. Yet, it's one of the unspoken reasons behind loyalty to brands.

WHAT ARE THE PROS AND CONS OF AGENCY PRICING PROGRAMS?

Agency pricing doesn't make much sense over time and on a large scale. Call a spade a spade: When older products came to the market on agency pricing, it maintained the price in the market when it otherwise would have collapsed. Agency is getting undermined by all sorts of offerings, such as supplier programs that offer rebates to distributors for meeting sales targets. The net deal is different based on how much they're selling, how competitive the market is, generic pressure, etc. Ultimately, you have to go thru peaks and valleys. If I was an end-user, I'd feel duped by all these schemes. They want solutions at a fair price. Anything that takes away from market competition isn't fair to them.

WHY ARE MOST OF YOUR MEMBERS DOING PRETTY WELL DESPITE GOLF BEING RELATIVELY FLAT FOR THE PAST DECADE?

It's because independents are better at servicing the market. They're doing a great job of gaining market share and competing. We help, because we give them better access to products and fair pricing. Also, they're placing a lot of emphasis on other areas: sports, ornamentals, tree care, etc. They're successful because they look for every opportunity in their market.

WHAT FACTORS ARE ON THE HORIZON THAT COULD HURT THE MARKET?

For the next 10 years, regulation and generic chemistry will be the biggest problems. Strategically, the regulatory and environmental issues are deadlier. It's so hard for us to defend ourselves against activists.

WHY ARE YOU OPTIMISTIC?

The demographics work in the favor of the independents. Our business thrives when customers want extra support. Information technology for our members will change the landscape and allow them to provide services they couldn't before. Wireless communications gives them instant access to data on pricing, availability, etc., as well as the ability to serve customers better in the field. Salespeople will have the ability to know as much about a customer's business as he does.

I preach that our members have to learn to sell solutions rather than products. As long as you think your business is selling product XYZ, you're held hostage by the manufacturers. But if you have the choice to sell solutions and package products as part of them, you have flexibility and can serve them right. All customers care about at the end of the day is that their turf is as healthy as it should be and they can achieve their goals within their budgets, and that doesn't necessarily have anything to do with products. Who cares what the product is as long as the golf course is in tip-top shape and they get help and support from local experts they know and trust?

LAST THOUGHTS?

End-users are well served with a healthy network of independent distributors in our business. They have everything to lose and a lot to gain when their customers succeed. That's not necessarily true for the nationals. Our members aren't going anyplace. If PrimeraTurf is successful making its members successful, that's good for the end user. **GCI**

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