The Bottom Line of Mergermania

BY PAT JONES

Remember Reaganomics? At the heart of the Gipper's economic platform was the highly creative notion that if the rich got richer, that new wealth would trickle down to the poor and everybody would be better off.

I was thinking about trickle-down economics as I pondered the spate of mergers and acquisitions that has hit the turf business recently. In our little industry alone, the newly consummated marriage of AgrEvo and Rhone-Poulenc now gives us Aventis. Novartis and Zeneca will soon walk down the aisle to become Syngenta. The list is endless.

As with Reaganomics, the party line of the multinational power brokers who arrange these corporate marriages is that the efficiencies and synergies of the mergers will trickle down to consumers (and shareholders) through lower costs, better competitiveness and enhanced corporate capabilities.

Uh, okay. Sure. Whatever.

At first glance, it's hard to see how consolidation has any impact on our daily professional lives. It all seems so remote. Big companies get bigger, but most products are still available. From a purely selfish standpoint, the majority of us are probably thinking, "There's no impact on my little world, right?"

Wrong. Get ready for the brave new world of *trickle-out* economics in the Green Industry. Specifically, be prepared for fewer companies to be investing fewer dollars to get you as a customer. Some of those bucks that used to flow into our business are now trickling out to pay for merger costs and keep stockholders happy. For example:

Remember the last conference you went to? The two nice parties with the open bars sponsored by Big Company X and Big Company Y? Well, there's only going to be one party next year because they've now merged to become Huge Company XY. So get ready to actually reach into your own pocket for a few more of those drinks at the next conference.

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And since X & Y are no longer competitors who used to both sponsor a hole at the local association tournament, you can kiss a few thousand dollars goodbye for that, too. Oops, no free golf balls at next year's event.

Another efficiency: X & Y no longer have to buy two big booth spaces at trade shows. Fewer booths sold means fewer dollars for the association to invest in education and programs. Surprise — dues are up next year!

Finally, Huge Company XY has redundancy in its newly merged sales force and decides to rightsize. Your brother-in-law Joe Bob, who had been a sales rep for Company X, is now living in your basement (or applying for your job).

Think these trickle-out consequences are relatively minor and you won't miss a few free drinks or golf balls? Well, multiply those minor consequences by the seven or eight recent or upcoming Green Industry mergers and then think again. The people running your local and national associations (and publishers like me who rely on advertising) are certainly already thinking about it.

Yes, new suppliers will rise up to fill some of the gap, but the traditional financial support systems for our industry are changing forever. Like it or not, the trickle of corporate marketing bucks out of our business is turning into a river and someday things may get pretty dry around here.

(Editor's note: This column originally appeared on Plant Health Care's new online magazine, which can be found at www.planthealthcare.com.)

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