



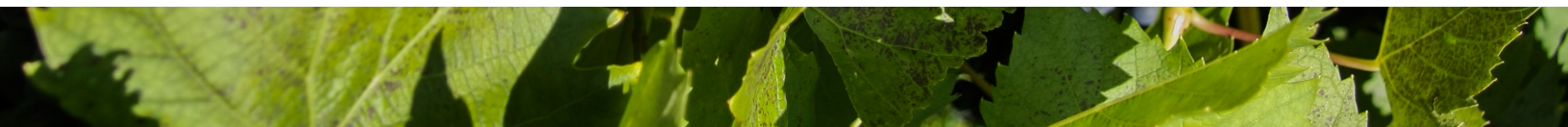
Meyers Fruit Farms

One in a series of profiles for the
Friends of the Greenbelt Foundation



Possibility grows here.

Supporting the long-term viability of farming within the Ontario Greenbelt is a primary objective of the Friends of the Greenbelt Foundation. This profile of Meyers Fruit Farms is one of a series capturing the business practices and management skills of successful and innovative Greenbelt farmers.





Meyers Fruit Farms

Introduction

The company name can be deceiving. The Meyers family fruit farm has not just changed as the business has evolved, but has embraced diversification over the past 60 years. Production of wine grapes, greenhouse flowers, and herbs have been added to the operation. This diversified growth has generated a number of business challenges.

Meyers Fruit Farms was started by Fred's first generation immigrant parents in 1955 when they bought the home farm near Niagara-on-the-Lake. Today, Fred and his sister Elly manage the business, along with Fred's son Jim and Elly's son Aron. The farm includes 250 acres of owned and 100 acres of leased land where the family grows peaches, nectarines, pears, plums, fresh grapes, and wine grapes. There are also approximately 15 acres of floral greenhouses producing upwards of 100 different potted flower products – Easter and other lilies, potted mums, cyclamens, poinsettias, bulbs, and even Shamrocks. Approximately 70 per cent of the farm's floral sales are direct to customers in the United States, with the remainder serving customers in the Canadian market. Their fruit is marketed across North America in partnership with a major neighbouring fruit producer and wholesaler.

Company Aspirations

The Meyers have the same ambitions as most other farms profiled in this series.

- Growth and profitability are essential, within an enjoyable work environment for the owners and employees.
- Provision of an opportunity for the next generation of Meyers to participate in the business if that is their desire.
- Meeting their responsibility to provide employment for their staff. The Meyers believe they have an obligation to succeed in business in order to provide their employees with a good living and a productive career.

After high school, Fred was offered an opportunity to work on a neighbouring farm, which began his farming career. Elly joined him in the late 1990s as Fred's partner. Jim, who is now the Sales Manager, joined in 2003, and Aron came on board a year later and is full-time greenhouse Production Manager. Jim's brother Blake is also part of the company's management team.

The farm is divided into two incorporated companies; Meyers Fruit Farm and Flowers (Fred and Elly) which is responsible for production, and Meyers Flowers (Jim and Aron) which is responsible for sales. The two were separated to manage equity for the next generation and to minimize risk, particularly due to the business's heavy exposure to the U.S. market. Meyers Fruit Farms is in the planning stages of a major expansion.

Successes

By most business measures, Meyers Fruit Farms is highly successful.

- They rate their financial positions as "Ok plus," after 60 years of profitability.
- Operations have been diversified and have been expanded considerably.
- Fred and Elly's children have assumed significant management responsibilities and ownership shares.
- The Meyers cite the development of a loyal customer base as a key accomplishment.
- The longevity of employees' tenures with the farm is a testament to how the Meyers treat their staff, and that is important to them.

The Meyers reflect: "Our success on the farm has come from generations of hard work and attention to detail. It has been our commitment to provide our customers with a goodness only fresh fruit can provide."

The Meyers credit their success to:

- The vision and work ethic of Fred's and Elly's father.
- Always striving to be the best and challenging themselves to be better at everything they do.
- Their diversification of products, employing their strategy to develop a market, and offering purchased product prior to establishing their own production capacity.
- The conviction to take advantage of opportunities. As an example, they were fortunate that a neighbouring farm became available to purchase and appreciate now how important it was that they made that commitment.
- Strong relationships with flower customers. Retail buyers seek ways to differentiate from the broader market and to offer their customers "new" products. The Meyers work very closely with those they supply to supplement their product line.
- Their company philosophy of giving value to the consumer.
- Their valued employees, who they call the backbone of the company.
- Knowing their market and working hard to keep current with trends.

Current Challenges

The Meyers family has, by virtue of the nature of their business, faced many significant challenges, and overcame these by making key decisions.

- High interest rates and difficult peach markets were issues in the 1980s. Debt reduction and diversification into the greenhouse sector proved to be wise strategic approaches.
- The 9/11 crisis created border issues for short periods of time with respect to getting product across the border. The Meyers had to live with that difficulty.
- The invasion of the Plum Pox virus had serious implications for the marketing of Ontario tender fruit. Fred participated in the industry-government policy discussions on how to deal with the threat and by doing so helped achieve an outcome that supported Meyers Fruit Farms' objectives.
- On the floral side of the business, fluctuations in currency values are always a big challenge with the majority of the product marketed to the U.S. Selling directly to customers rather than paying brokerage fees or taking lower prices has kept the firm profitable in the periods when the Canadian dollar was at par or above U.S. dollar values.

“Flexibility is critical. Growth and diversity require new management techniques and markets are constantly evolving.”

Other more current challenges include:

- Cost escalation. Increases in the Ontario minimum wage have significantly increased production costs in this labour intensive operation. Indexing of the legislated minimum wage to other economic indicators should from now on eliminate sudden large increases like those experienced in the last two to three years.
- The Meyers are witnessing the same increasing regulatory burden that many farm operators are faced with. In their case, more stringent border crossing demands and increased food safety requirements are problematic, or at least perennial nuisances. The produce industry's CanadaGAP food safety protocols are viewed as reasonable, but time consuming.
- Water management issues pose a considerable challenge. The farm will be implementing some changes to meet the Ministry of the Environment and Climate Change expectations regarding storm water management. With respect to their nutrient rich, greenhouse wastewater, more controlled disposal systems will be introduced. The specific approach has not been identified yet, but it will certainly entail additional costs.

Strategic Focus and Decision-Making

A formal written strategic plan has not been developed for Meyers Fruit Farms, but they do have a number of strategies that guide their long term development.

- They are not looking for new greenfield opportunities, as there is plenty of scope for capitalizing on their strengths and building on what they are already doing. For example, to achieve maximum efficiency when exporting they have been buying fresh herbs to fill their transport trucks (a complementary product line in the retail floral department). There was an opportunity to grow those herbs themselves and the Meyers have recently embarked on that path.

- The Meyers indicate: “Our strength has been our diversification, and we will likely have to diversify again. Our approach is to buy something in, develop a market and then grow it ourselves, such as we did with the shamrocks.”
- The Meyers have also chosen to be, as they say, “meat and potatoes” flower producers and marketers with little value added to the potted flowers they sell.
- Where they prefer to add value is in the service they offer to supermarkets. Large retailers are striving to reduce labour costs so the Meyers assume some of the retailer’s traditional in-store merchandizing functions.
- They follow a “sales driven” philosophy, responding to market demand and customer interest.
- Maintaining an optimistic outlook can be a very important strategic goal. The Meyers each have an area of the business which they view with great optimism, whether it is wine grapes, tender fruit, or flowers.

The Meyers are striving to become more organized in their decision making, introducing owner meetings where the managing shareholders hash out major issues. In daily operations, Jim and Aron handle the sales and production responsibilities respectively, with a great deal of autonomy.

Business plans have not been put together in the past, though they are developing one to support the financing of the current expansion. Financial institutions have centralized their loan approvals processes with more emphasis on written plans, and less on historic client relations. Accordingly, the Meyers have found it necessary in this instance to retain a business specialist to generate a professional plan.

Best Management Practices

Marketing

Meyers Fruit Farms does not employ the services of a broker, choosing to sell their floral line directly to retail markets. This contact with the market affords them a good understanding of what their customers value. They have marketed their own product since the 1990s and it is the relationships with customers that ensure sales and margins when the market is a bit tougher.

The high quality they strive for in fruit production comes from investments in modern growing techniques, and state of the art warehouse, packing, and logistics technology. They also grow the newest fruit varieties which offer the best taste, colour, and size. Meyers’ fruit is marketed across North America under the Seasonal Delight Fruit brand, in partnership with major fruit producer Abe Epp and



Family Farms. By consolidating production, their Seasonal Fruit Sales organization markets the fruit from nearly 1,500 acres of tender fruit. That represents 65 per cent of Niagara nectarine production and 25 per cent of Niagara's peaches. Access to those volumes of fruit enables the sales organization to supply major retail promotions and ads throughout the season.

Meyers Fruit Farms maintains an impressive website for a business that wholesales its products.

The Meyers share their business plans with customers and suppliers, which is a wise approach to ensure smooth operations and solid sales relationships.

Financial and Production Management

Fred's father was very conservative, and Fred considers himself still somewhat financially conservative.

Benchmarking costs against similar enterprises is not conducted, though they use internal measurements to gauge performance. There are some industry benchmarks for fruit production against which the Meyers' performance could be checked. While there are some benchmarking opportunities for mono-culture flower growing, because their operation produces such a diverse range of products, the monoculture data is not readily applicable to their operation.

The Meyers Fruit Farms operations are expensive in terms of inputs. Cost containment can in some instances significantly enhance profits, and in other cases market prices can be maintained at a point where the Meyers' products are competitive. The business collaborates with others when beneficial, for instance consolidating large loads to share transportation costs. When growing a diverse number of product lines and upwards of a hundred different floral products, keeping on top of costs is a real challenge. To address that need Meyers Farms are adopting a program whereby they will know their cost of producing each floral unit within one-half of a cent. They note: "It becomes harder to rely just on instincts as you get bigger."

U.S. flower sales represent the Meyers' dominant revenue stream, so mitigating currency exchange fluctuations is key to managing their finances. The Meyers' CIBC foreign exchange "partners" provide various tools to manage that risk. They do not practice receivables protection, which some advisors might consider a risk prone practice, and most of their sales arrangements are informal. When marketing their fruit they have no contracts and rely on trust, which is understandable considering their very close and solid relationship with their marketing partner.

In day to day operations, management is very hands-on and leads by example, which the Meyers believe contributes to valuable camaraderie with employees.

For the last two years the Meyers have found their "next-day job board" very helpful in organizing tasks and staff. "Everyone knows where they are going and what to do and we can communicate the next day's work in advance with the least effort required."

The Meyers categorize themselves as "medium" in terms of production innovation. They strive to stay current with new technologies but stress that not all technological "advances" are cost effective. The greenhouse offers the best opportunity to introduce new technologies, especially where labour reductions can be achieved. Biological pest controls are being introduced in the greenhouses and vineyards. Variety trials with plants from all over the world are run in the greenhouses.

Food safety and traceability programs are employed and an Environmental Farm Plan guides their operations from an environmental perspective.

Human Resource Management

The farm has 25 full-time and 75 part-time employees. The part-time staff includes 25 students and 50 Jamaican and Mexican workers who are sourced through the Seasonal Agricultural Worker Program.

The Meyers treat employees the way they would like to be treated. Their benefits package is seen as a big motivator for employees. They have been offering a profit-sharing plan for full-time employees for five years. They hope to take that profit sharing to the next step by better informing staff of how things are going and by more directly relating the work of the individual staff member to the business's bottom line.

Transferring management responsibility to younger family members requires constant communication and well defined roles. The Meyers see this as an ongoing and essential part of achieving a smooth succession. A business specialist from the University of Guelph has provided management training.

Risk Management

The business has faced many significant challenges and several categories of risk, and it has a mitigation strategy to address each. The Meyers leave little to chance, taking advantage of every opportunity available to ensure success.

- Financial instability and production risks are bolstered by participation in the government funded farm programs: AgriStability, AgriInvest, and Self Directed Risk Management.
- Crop Insurance is also employed for the orchard crops.
- To manage production costs they contract natural gas for the greenhouses.
- Forward contracting minimizes the risk from currency exchange fluctuations.
- Private insurance fills some gaps that are left.
- They plan production to avoid over or underproduction by analyzing historical sales data and trends.
- The Meyers maintain a diverse customer base to protect against payment defaults. To do so, with only a few major Canadian retailers, requires that a significant portion of their production will continue to be marketed in the U.S.

Outside Advisors and Support

In most business components the principals engage outside expertise which is both prudent and constructive for such a complex farm operation. The services of accountants, lawyers, a controller, along with business planning and government relations experts are called upon when making planning and management decisions. On the production side, the Meyers source the advice of pest management and greenhouse growing experts.

In addition to purchasing outside expertise to enhance their business performance, the Meyers expose themselves to trends, industry issues, and potential innovations and opportunities through a variety of methods. Staying current is a business strategy. Besides providing a means to give back to the industry, they have found benefits from participation on the boards of the Ontario Fruit and Vegetable Growers Association, the Tender Fruit Growers Marketing Board, and Flowers Canada. They are also willing to share their experiences through trade shows and industry events.

The Meyers stress that waste management requires constant attention, and if not carefully managed could be an area of conflict with the Ministry of the Environment and Climate Change. Open communication and demonstration of intent to improve are fundamental to that relationship.





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