PROFITS AT WAYSIDE GARDENS
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In 1927, an off year, Wayside returned a net profit of $78,000 on $184,000 worth of sales.

The article states that an acre of ground holds 43,650 plants and says that the plants mature in 2 years and if they have an average resale value of 75¢ each, the crop value per acre per year is slightly over $16,000.

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Losses resulting from weather can be disastrous. Last November heavy snows cost Wayside about $70,000, but growing is still the smaller half of it; not even the bureau of Internal Revenue thinks that plants in the field are worth a penny.*

Grullemans is something of a phenomenon in that he has a vast knowledge of the field or growing side, something even his employees hadn't realized until Elmer Schultz's retirement. He is a shrewd businessman with a fondness for careful record keeping and a gambler's sense of a bet; is a copywriter extraordinary, a huckster who is in there selling every minute and liking it. It's a rare combination of talents for any businessman and particularly for a man in the nursery business which has few good salesmen and whose average records are so sloppy that most nurserymen haven't the slightest idea which plants make money and which use it.

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*The Industry enjoys an agricultural tax base. Inventory in the field has no value until it is sold. Wayside's present wholesale field inventory is worth a million dollars but it doesn't show in the books. Nurserymen can use profits to buy slow maturing, high value stock during high tax years in the hope that taxes will come down before it must be marketed. All nurserymen, these days, buy or propagate as much stock as they can plant. Net profit figures are invariably understated.

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He (JJG) decided not to sell a new plant or bulb at a high introductory price one year and then break the price to half or a quarter a few years later which was the prevailing method still in practice by many in handling new varieties. He has always propagated a new variety heavily and then introduced it at a price carrying a respectible profit but not enough to cause a stampede to it by the competition. In practice, this provides against mark downs and keeps the price up longer. Schultz, after seeing his partner pocket that handsome sum on new gladiolus, decided to go along. The firm has never deviated from this line and Grullemans insists it is a basic reason for Wayside's steady growth.

Then is recited their experience with growing 200,000 salable bulbs of the Regal Lily which they unloaded at an almost guaranteed sales basis to nurserymen and seedsmen for cataloging. Their price was 65¢ for the new lily, a price only moderately higher than the regular lilies, but he had something new and sensational. Grullemans and Schultz had made over $100,000 before his competitors find out how easy it was (Lilium Regale) was to propagate and established a reputation as innovators. Jack celebrated his first 8 years as a proprieter by building a massive $70,000 home in nearby Painesville. In 30 years, they paid out over $600,000 in dividends to their two partners and provided both of them with an annual salary that have ranged up to $35,000. Jack's present compensation is $40,000. These earnings have been made on annual sales that did not hit the half-million mark regularly until 1942. The first million dollar year was 1946. The land holdings have increased from 55 acres to 400 and although land stands on the books at $135,000 it is actually worth close to half a million. The 300 acre home farm at Mentor will probably one day be sold for a handsome sum as an industrial site because Cleveland industries are already establishing huge plants in the central vicinity. The company has shown only two "red" years in history - $4,000 in 1932 and a whopping $16,000 the next year. Then is told the story of the depression which put an end to the selling to large estates where single orders had come in for as much as $2500. Jack had to find entirely new customers, or Wayside would be headed for oblivion. He grudgingly dug

into a fat cash surplus and revamped his catalog. He uped his advertising budget from $47,000 to $60,000 and expenditure that would result in whopping red figures if it didn't pay off. Advertising this business includes magazine display and catalog expense and 15% of every dollar of revenue at Wayside goes into it. Home & Garden magazine bring in the prospects, the catalog does the direct selling and the product is supposed to keep the customer "sold".

Grullemans touched the rock garden and introduced literally 100's of small plants for it. For this he had a sort of sixth selling sense and it turned out that the rock garden became the garden of the depression and there were enough small orders in 1935 to produce a $5,700 profit. The next year he jacked up the advertising budget again and came out with $17,000.

EVOLUTION TO MAIL ORDER. To his surprise the advertising reached completely new customers, although the amount of his average sale dropped sickeningly from pre-1930 in the Mail Order business which he was now in, almost as good as Wayside's old business. In 1937 Grullemans pushed in $92,000 worth of advertising chips and he held his breath, but that year the firm totaled up to $24,000 net. The partners promptly declared a 20% dividend. They were back in business and a new business for them - mail order horticulture. Since then, Jack Grulleman's advertising budget has been progressively higher - $290,000 in 1950 and Wayside have gone from just over $400,000 in 1937 to close to one million, five hundred thousand last year. His average mail order sale is high in this business - about $15.00 per year per customer and about 70% of them repeat year after year. He is a careful student of consumer reaction but there are a few impirical rules that dominate the catalog copy. He knows that lady gardeners are attracted by glowing descriptions and he glows intermittently and this is from cherry red to white hot, as he describes new varieties. He knows that the enthusiastic description is the one that sells.

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The fact that glowing reds are the least work, Grullemans offers them long, flamboyant lists. Men spend five times as much on plant stock as do women. New customers pay 50¢ for an issue; older ones get it free if their orders amount to $5.00 a year - the 50¢ charge covers cost of postage and handling and only a fraction of the cost of the book itself which has mounted over the years until now it stands Wayside about 65¢. Grullemans hold conference after conference with himself about this business of giving away $1.30 plus nearly $1.00 in handling expenses to a $5.00 customer but these all end up in the same way; neither he nor the IBM machines can tell which of those $5.00 customers are going to end up at $25.00 a year, or just gently fade away. 80 pages out of 126 are in color. Color appears to have little effect in lifting the sale of well known varieties. He spends little on color of white flowering plants. Wayside's printer, A. B. Morse of St. Joseph, Michigan, one of the two in the country specializing in horticultural printing, pays for half of Grullemans' new color plates, owns the plates gives exclusive use to Grullemans for awhile, after which they can be used by others. As the printing company owns thousands of other colorplates, color and black and white plates paid for the same basis, Grullemans or any nurseryman whose choice of printers is normally limited to this first decision. He beefs a bit about this situation because it is the only thing he buys where is in effect, limited to one source. Grullemans has fought more with his trade group (The AAN) than he has cooperated. He has always combed the European markets which he knows well and imports in quantity whenever he can.

QUARANTINE AND TARIFF. The nurserymen, through their association, got a law passed in 1919 known as Quarantine 37 - individual specimens of new plants for propagation has never been excluded from the Quarantine because European growers have done the finest hybridizing and Americans need them. The purpose of Quarantine 37 is a commendable one of avoiding pests but actually the law is a great part in just a hidden tariff against plants of foreign origin grown in quantity. After considerable pressure by powerful garden clubs, Quarantine 37 was relaxed to permit importation of stock to be grown in

quantity experimentally or for sale after being propagated under the controlled conditions for two years in a nursery. After the change Grullemans went back to the association, his principle purpose being to keep a sharp watch from the inside against moves that might endanger foreign importation. It is an industry practice to reship without charge replacements equal to 10% of any nursery gross. Quality is basically a problem of inspection plus proper packing and fast shipping and sometimes plants, including Wayside's, arrive looking miserable. What annoys competitors is that Grullemans generally gets more money than they do for the same variety and does it year after year. Wayside is the first man in the business to put in a complete IBM control system, so he knows his costs better than most nurserymen. Grullemans' IBM machine tell him that it costs approximately 13¢ to propagate and keep a perennial in the field the first season and 6¢ more the second and dig it. The minimum he can sell that plant for is 65¢ and if the variety is a slow seller, he knows he needs 75¢ to cover today's packing, advertising and overhead costs and the cost of plowing under the unsold or damaged stock. Every year Wayside plows under nearly 100,000 plants. Grullemans is using his energy to try to slow down, with no appreciable success. He bought out Elmer Schultz in 1945, Winslow is getting tremendous propagating knowledge from his father. Norris Smith, a long-time employee, is now treasurer of the company and in charge of handling the large office and its administration and recently he hired Lloyd Weaver of San Francisco to handle all bulb purchasing at the Brookville, Long Island show place. Weaver lead the way in showing Department stores how to make money in selling plants. JJG's latest pet idea is 5,000 acres on Cape Cod, his favorite northern vacation spot, cut it up into 10 acre farms, build some nice little houses and buildings on an acre and plant the rest in high bush blueberries. "A fellow with 9 acres of blueberries can take in quite a nice living" JJ argues "do the people alot of good by providing employment and having alot of fun". The fun of course for JJ would be in breaking twigs off the blueberry bushes and rooting them in sand.