

Business Succession in Rural Communities

CASE STUDY

The Greenhouse Co-operative Ltd

St. Peter's, Nova Scotia

The Greenhouse Co-op is a worker-owned co-operative operating as a seasonal bedding plant and garden centre in St Peter's, Nova Scotia.

Key features:

The Greenhouse Co-op is a bedding plant and garden centre that operates as a seasonal business in St. Peter's, Nova Scotia. The business produces a wide range of bedding plants (flowers and vegetables), hanging baskets, and planters. In addition, it carries a large variety of nursery items: trees, shrubs, soil conditioners, and fertilizers. Three founding members established the Co-op in 1987 as a worker co-op. One founding member was the original owner of the business and another was an employee. Over time, the Co-op's membership has fluctuated between three and five members with additional non-member employees for part of the growing and selling season.

The purchase of the business was financed by member equity with payment to the owner made in part through shares in the Co-op. At the time of purchase, the Co-op also sought and received a term loan for financing an expansion and for operating capital.



Name:

The Greenhouse Co-operative Ltd

Location:

St. Peter's, Nova Scotia

Legal Structure:

Worker Co-operative

Type of activity:

Produces and sells bedding plants

Date of establishment:

Incorporated 1987

Membership:

3 - 5

The members of the Co-op are all directors and as such, determine the strategic direction of the Co-op and set the policy to determine the working conditions for all the employees including members. The primary benefit that the Co-op provides to members is employment, giving them the opportunity to do the type of work that they love. This is a significant benefit in a rural area with limited employment opportunities.



History

The original business, Hough's Greenhouse, was started by Lori Hough with assistance from her husband, Peter. Lori, an avid gardener, started by growing bedding plants for herself and friends in a greenhouse attached to her home. One year, excess plants were taken to town where they sold out immediately, and the idea for the business was born. The following year, a freestanding greenhouse was built and the business formally commenced. The second year, in addition to the greenhouse, a selling stand was built and placed on a leased space in Port Hawkesbury. By the end of year three it was clear that an expansion needed to take place, and that Lori and Peter needed to make a decision about their futures with the business. The business was requiring very long hours; seven days a week for a period of five to six months of the year. For Lori to

continue as a sole proprietor she would need greater assistance from Peter. This would require him to leave another business, a worker co-op construction enterprise, that he operated with two other members. In addition, one of the greenhouse employees, Connie Stewart, was keen to get involved with the business as an owner.

With Peter's experience in starting and operating the construction co-op they decided to explore the option of converting Hough's Greenhouse into a worker co-op. Since a minimum of three members is required to incorporate as a co-operative, Lori and Connie went looking for another potential member, preferably one who would be willing and capable of doing the book-keeping for the business. Though personal contacts they found Kathleen MacNearney, who had recently moved to the area. The three women incorporated the The Greenhouse Co-operative and purchased the assets of Hough's Greenhouse. Since the business was also on the Hough's property, a lease for a nominal rent was signed.

In early spring, after the business was purchased, a second greenhouse was constructed. Over the course of the next eight years, the Co-op continued to expand: four more greenhouses were constructed, a germination room built, an exterior retail area for nursery items developed, and an expanded greenhouse-style retail area setup in Port Hawkesbury. The Co-op took in three new members but lost one member who moved to another area of the province. To finance the continuing expansion, the Co-op used a number of sources including: the founding members' share of the profits, the new members' initial share capital, and conventional financing from the bank or credit union.

During the early years of the Co-op, the Community Development Co-operative of Nova Scotia (CDC) was functioning as a federation of worker co-ops. The women from the Co-op attended a series of workshops put on by the CDC about worker co-ops and business issues including: financial management, marketing, policy development, and decision-making within a co-op framework. They also attended other



workshops sponsored by the NS Greenhouse Grower Association and the Business Development Bank of Canada. This commitment to professional development enhanced their capacity to run a very successful worker co-op enterprise.

Structure and Governance

The Co-op is incorporated under the *Nova Scotia Co-operative Association Act*. The Co-op's bylaws regulate the features of the Co-op. Because there are few members, they all sit on the Board of Directors as well as have specific management or operational duties. The collaborative management approach has been very successful as it creates clear responsibilities and expectations for each member. For employees at the beginning, this collaborative management was sometimes confusing as there was no one single boss. It was necessary for the members to create clear accountabilities for staff that were understood by members and employees alike.



Although the Co-op has taken in new members over the years and also lost several members, the issue of who should be given the opportunity for membership has never been formalized. Hence, when they are ready to retire the succession process for the long-term members is uncertain.

Recent Activities and Business Strategy

As the Co-op continued to grow it eventually ran out of space to expand at its original site. In 2001, it purchased five acres and moved into the village of St. Peter's, concurrently completing another expansion. This initiative allowed the development of a part-time fall season and the continued growth of its production and retail facilities. A significantly enhanced garden centre was put in place.

The long-term strategy of the Co-op is to be innovative with its plant offerings and to provide extra customer services, such as producing customized baskets and planters. The Co-op's reputation for its planters and its high quality has allowed it to develop a customer base far beyond its local region.

There are a number of other key factors contributing to the Co-op's long-term success. One is simply the members and employees. They are all avid gardeners and bring this enthusiasm to the job and to their dealings with customers. Another is the dedication to planning and organization, particularly in the areas of production (e.g. seed selections, planting schedules, etc.) but also in the area of business management with clear budgets and good financial records. The last, and perhaps most important success factor, is the work ethic that the members bring to the Co-op. Whether it is unloading a tractor trailer of peat moss bails, digging ditches or building greenhouses, all the members demonstrate a commitment through their long hours and determination to learn and do what is necessary to make the Co-op a success.



Member Benefits

The Co-op has provided members with a number of long-term benefits. It has enabled the members to own and operate a business, doing what they love on a scale that none would have accomplished individually. For some of the members, having worked in other commercial greenhouses, the ability to do the work as they feel it truly should be done provides great job satisfaction. Lastly, the Co-op has provided long-term, albeit seasonal employment, in a small rural community situated in an area of Canada with very high rates of unemployment. It will likely continue to do so until the members are ready to retire.



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