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**INTERVIEW
WITH
JACK BENNE, FOUNDER,
BEVO FARMS, LANGLEY, BC, CANADA**

By Rick Goossen on February 17, 2012, Langley, BC, Canada*



Description	
Dates of Involvement	1986 – Present
Title	CEO
Name of Company	Bevo Farms / Bevo Agro Inc.
Web site	www.bevofarms.com
Location(s)	Langley, BC, Canada
# of Employees	100 – 150
Product/ Service	North America's Premier Supplier of Propagated Plants
Industry	Agriculture
Revenue (range)	\$18 – 20 million
Public / Private	Public (TSX.V: BVO)

*To be cited as follows: Goossen, Richard J., Director of Entrepreneurial Leadership, Transforming Business, University of Cambridge, UK, interview with Jack Benne, CEO, Bevo Agro Inc., February 17, 2012, Langley, BC, Canada, as part of the Entrepreneurial Leadership Research Program, accessed at www.eleaders.org.

I. GENERAL ENTREPRENEURSHIP QUESTIONS

1. At what age did you start your first entrepreneurial venture and what was it?

I grew up in Holland and lived there until I immigrated to Canada at age 39 in 1981. After high school I attended an agricultural school. After I graduated from agricultural school I was employed with different companies and then I went into the army for 22 months. I came out of the army in 1963 at age 21. I started right away building a greenhouse.

2. What originally motivated you to pursue entrepreneurship and what has maintained your ongoing entrepreneurial focus?

It was always my intention to work on my own instead of working for somebody else. I wanted to direct my own destiny.

3. What individual(s) have been models of inspiration for you throughout your entrepreneurial career and in what way?

First of all, my father and, later on when I got to know my wife, it was my father-in-law. My father was an entrepreneur, but not on a big scale. He didn't have the capital for it. My father was a farm worker and he had a piece of land and he harvested a crop every year. He couldn't expand beyond that particular piece of land. I became a partner in leasing it and then started off on my own. My father-in-law was also in the greenhouse business. As a matter of fact I didn't have the capital to start either, so I had to be creative. The start was not easy, but when you keep going you build up your equity every year.

4. How has any formal education or training you have received (to whatever extent) been helpful? If so, in which way?

My education was helpful. I still refer back to some of my books from 40 years ago.

When somebody comes with a lot of education I always tell them to throw their books in the corner and start to work from the ground up. And later on, they will find out that there are things they need and they can go find them in the book. However, if you don't apply the principles of working hard then you won't succeed with those books anyways—at least not in agriculture.

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5. How many different business ventures have you started in the course of your entrepreneurial career?

Six Businesses:

- Benne Family business in Holland
- Western Lettuce NOW (1981-1989)
- Bevo Farms (1986 – Present)
- North American Visser Equipment – selling greenhouse equipment (1989-1993)
- CT Scan (2000 – 2004)
- Urban Barns Food (2009 – present)

6. What percentage of these business ventures do you estimate were financially successful?

4 of the 6 (67%) were successful:

- Benne Family business in Holland
- Western Lettuce NOW
- Bevo Farms
- Urban Barns Food

II. ENTREPRENEURIAL QUESTIONS REGARDING YOUR PRIMARY BUSINESS

- 7. In order to provide some context, please describe your Primary Business: what does the company do? Who does it sell to? What does it sell? What is your competitive advantage? What is the nature of your overall industry?**

We're in a service industry. We provide young plants for commercial growers, starter plants so that growers can start fresh without any problems for the new season. We also do bedding plants. We generally sell to large wholesalers, such as Costco and the garden centres, who then sell to consumers. Our sales are about equally divided between Canada and the US.

There is a lot of competition in this market; you cannot walk away from it. Our competitive advantages are our quality and our track record.

We have consistently provided a good product. We can also service the needs of large customers since we have 40 acres of greenhouses. Our large customers can use one supplier rather than ten.

Our product line is quite complicated. Let's say in peppers, tomatoes, cucumbers there are so many different varieties that you have to deal with; you have to deal with field crops and cuttings from flowers when they're coming from South America. You can run into quite difficult complications. It is not an easy task anymore. We can do a good job because we have high-quality greenhouses with modern equipment.

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COMPANY INFORMATION FROM www.bevoagro.com

About Us

Bevo is the largest supplier of propagated plants in North America, providing greenhouses, field farms, nurseries, and wholesalers across the continent with healthy, vigorous, pest-and-disease-free plants.

Plant propagation is a system under which seedlings are nurtured to the ideal level of development for finished growth in greenhouses. Each seedling is cultivated in a specific controlled temperature, nutrient, fertilizer, light and moisture environment to ensure the highest quality plant. Bevo's main products are vegetable plants such as tomatoes, peppers, lettuce, and cucumbers, along with other plants such as bedding plants, flowers, trees, berries, and grasses.

Bevo markets its products to established greenhouse growers, farms and nurseries throughout North America.

Since incorporation in 1986, planned expansions have grown the Bevo propagation greenhouses in Langley, BC to the present 40 acres.

As greenhouse growth and consumer demand for quality products continues so does the requirement for new vegetable, flower and other plants. The use of greenhouses to grow vegetables and flowering plants continues to increase.

Bevo's Mission:

The Mission for Bevo Farms is to be the acknowledged Premier Producer of propagated plants and crops throughout North America and to continue expanding its North American market presence by maintaining a culture of total integrity in its dealings with customers, employees and shareholders. The Mission will be accomplished with a companywide commitment to:

- Constantly driving improved Quality in products, processes and customer support.*
- Instilling a passion for Hygiene throughout all phases of operations.*
- Continued focus on cost competitiveness, remaining a Cost Leader with increased use of mechanization and ongoing training of personnel.*
- Seeking out and adopting world-class Technologies and propagation practices*
- Pursuing opportunities to expand our business with a combination of internal expansion and Strategic acquisition.*

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Bevo's Vision:

To be recognized as the propagator of choice for quality propagated plants throughout North America, offering world-class customer service without compromise.

Bevo's Value System:

At Bevo Farms our business has expanded and we have prospered from our ability to match innovation with an entrepreneurial can do spirit. As the company continues to expand and adopt more formality in conducting business, all employees will be challenged to retain and foster this entrepreneurial mindset... a mindset that distinguishes Bevo from its competitors.

Bevo's Core Policies:

You either grow Bevo's product or support those who do grow Bevo's product.

- There is always a slightly better way to perform your work - Be looking for it every minute.*
- We prosper by working and thinking. At Bevo, focus on working smarter not just harder.*
- Always remember you are a Bevo employee, a team member and to others, a customer. Treat all other employees and external customers with the respect and courtesy you expect.*

Decision making at Bevo:

Does the decision improve product quality, reduce waste, increase reliability or reduce costs?

- 1. Just do it if you can answer YES to one of the points without saying No to any point.*
- 2. Seek Advice if you answer YES to one point but have a less significant NO to another point.*
- 3. Look for a different way if you have to answer NO to more than one point.*

8. How did you identify the opportunity that led to the setting up of your Primary Business?

At the time I was involved with a former company, “Western Lettuce NOW.” I saw an opportunity in “propagation”, which is putting the first seed in the ground, growing young plants and selling them to the local farmers and then they plant and grow them.

I saw that opportunity and I went ahead. It started all off with buying a piece of property right beside my former company that we wanted to flip. And that is where the name came from. My partner’s name was Voogt so we used the two initials from Benne and Voogt and called it “Bevo.” Sometimes I tell people Bevo stands for “better economy value offered.”

Our strength from day one was always quality. We want to grow the best quality plants and offer the best services to the clients. In the first years, every client—even the smallest one—was as important as the big one. The small one can become big. Right now it is a little bit different. With massive greenhouses we have become more selective.

9. What were the critical elements you assessed before you decided to pursue the opportunity?

How to get money! I didn’t know anything about money. I didn’t have money. I started the whole operation with \$1.

And that was the \$1 in order to put the name in black and white by the lawyer for Bevo. And then we went to the bank and the bank financed the whole thing. The bank financed our land purchase one hundred per cent.

How’d we do it? Maybe we were clever. Maybe we had connections, I don’t know. My track record in my former company helped, maybe. The Lord has strange ways to do things—and this was one of them. My partner wanted to flip the piece of property I bought and I wanted to set up a business for myself. My partner wanted to set up his own business. So, I bought out the partner and continued on my own.

We originally purchased 26 acres at our present location for \$126,000.

10. How much time did it take from seeing the opportunity to the first day of operation?

2 years. I came up with the idea in 1986 and we started operations in 1988.

11.If you had partners, who were they, and how did you find them?

The first partner was the government (a joint federal and provincial government program). We received a big grant because we started an entirely new business, which was plant propagation. And then the second part is that we had two foreign investors who came to Canada through the immigration plan who each had to invest around \$225,000 which went in as 40% equity. I had a connection with a real estate agent who was quite clever and he put a little bit of a business plan together with my input.

In 1989 I was kicked out of Western Lettuce NOW so I needed to do something different. From 1989 to 1992 I was selling equipment from Europe (Visser), but then towards the end of 1992 I realized I couldn't make ends meet. So I needed to look for a real job. At the same time, I was trying to sell my 40% stake in Bevo to the foreign investors for next to nothing. [he already owned the land and the money was to build the greenhouses]

In the meantime my son Leo was getting married and he needed to get a job. Leo and his future wife went for pre-marriage counseling at church. The pastor mentioned to me that Leo told him about his interest in becoming a propagator. So, I decided not to sell my 40% stake to the foreign investors. At the time, I was living in a big house with 3 mortgages and every year I lived more or less from my credit cards. This went on for 3 years. Then when I said I wanted to buy out the foreign investors, my wife said, "I wish you luck!" About 10 days later we had a board meeting and I told the directors that I wanted to buy out the foreign investors. We made an offer, there was a counter offer, and eventually we had a deal. The foreign investors had offered \$300,000 for my share of 40%; I paid \$1.5m for their 40% for which they originally paid \$450,000. I was supposed to pay them 3 months later. However, 2 months later I was able to pay them out due to the financing I arranged through the bank. And then we started our family operation.

12.Did you have a business plan of any kind? [or any kind of written plan]

Yes. In order to get the government support I needed to do a business plan for 5 years. We received a forgivable grant for \$500,000. When you fulfilled your business plan then the grant did not need to be paid back. We did exactly what the business plan estimated for the first year. We were able to meet our projections for each of the five years. It was a good deal for the government as they got paid back in multiples.

13.What kind of financing did you have?

The government, foreign investors and the bank.

14. How much capital did it take?

\$2.5 million

15. How long did it take to reach a positive cash-flow position?

1 year.

16. If you did not have enough money at the time of the start, or at low points in the business cycle, what were some things you did in order to stretch your capital?

Before Bevo I was in debt on my credit cards. With Bevo, we had financing in place from the outset. We built a house on one of our properties and then we sold the other house. We had a small mortgage and then when I got out of debt I invested back into the company. Through Bevo we were able to draw out a salary and then paid off personal debt.

17. What did you perceive to be the strengths (up to 3) of your venture?

Service. Quality. The right mindset—to look for opportunities.

18. What did you perceive to be the weaknesses (up to 3) of your venture?

Our ability to handle competition.

We had to get bigger. It never stops. Our business has continued to grow. Over the years we've never advertised. It was always word of mouth. That is why I grew from 2½ acres to 40 acres of greenhouses. In 2000 we bought an additional 72 acres for about \$1.3 million. However, in any given year I could have a shortage of greenhouses.

19. What was your most satisfying accomplishment or event?

To buy out the foreign investors and turn the company into a family operation.

20. What was your most disappointing situation or event?

Really, I cannot dream of one. Over the years I went through several setbacks. There's always a way forward. If I could collect all the money I've lost in my life I'd have a good retirement!

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It wasn't getting booted out of the other company. That was only for 1 day—it was the best thing that ever happened!

21. Once you got going, what were the most difficult gaps to fill and problems to solve as you began to grow your company?

To try to serve the clients who came to your door.

We went public in 2000 because we didn't have enough money to grow the business ourselves.¹ We bought 72 acres of property behind our original location and integrated the land into our business. We started building 5-10 acres of greenhouses. The growth in your business is always a bottleneck – to serve with the right management at the right time. When you increase your business at 40, 50, 70% over a year it's hard to keep up during the first few years with the right management.

Right now we have 98 acres including 40 acres of greenhouse. We can build more greenhouses as required. We have two locations. It's all linked up. That's why we went out to the neighbours and we made them an offer to buy the property that was not for sale but finally he was convinced and he agreed to sell it to us.

We wanted to build an additional 5 – 10 acres of greenhouses but we did not have the money and the bank could not provide sufficient support his time. We went public in 2000 and raised about \$1.8 million. We could then leverage the increased equity in the company to get bank financing in order to buy more land.

The share price hasn't done well and doesn't reflect the value of the company. It's entirely out of whack. We have tried to do things to make it more exciting for investors. There are quite a few investors but around 70% are tightly held by the family

22. What were the key attributes you looked for in people (partners, advisors, managers) as you grew the company?

Skill. I also looked for people who wanted to work and saw an opportunity and wanted to be a part of the family.

¹ The company is listed on the TSX Venture Exchange under the trading symbol "BVO."

III. REFLECTIVE QUESTIONS

23. What are some things that you have found to be most personally rewarding and satisfying for yourself as an entrepreneur?

The growth of the company has been satisfying. Everything as an entrepreneur is rewarding. To get out of bed at 5 o'clock in the morning has never bothered me. Still, it doesn't bother me. On the other hand, I have to give it over to the next generation now. The things that I have had to learn over the years are to give up control over details, not to be watching over everything on the floor, and to keep my mouth shut.

24. What are ways in which you have developed your own entrepreneurial skills in order to be more effective as an entrepreneur?

I think when you start something it takes persistence to be the guy in the front line and not in the background. That was always my philosophy—just like in the old country. When we had to start at 3 or 4 o'clock in the morning sometimes with harvesting, I was always out first. And here it was always the same. That's changed over time, especially as we've become so much bigger. At 40 acres you cannot be the first one anymore.

25. What are ways in which you cope with or manage the personal stress of being an entrepreneur?

Financial challenges, such as using credit cards to make ends meet, are stressful—and it did bother me. On the other hand, I never lost sleep over it. I would remind myself that, OK, tomorrow is another day. We carry on. At the same time, my wife had a part-time job at Fanny's Fabrics to put bread on the table. That was the way it was. We bought a house because I lived on the business' property and we didn't want to stay there. We bought a house on the basis of my income statement from the year before. About a year later I could not show that income anymore and I wouldn't have gotten the financing. That's life. There's always something. We came through that. And it was the same when we bought out the shareholders. It is funny but it is true.

26. What are the ways in which you have dealt with others who have disappointed you in business?

Lick your wounds and carry on. Over time, we went into other ventures. From about 2000 to 2003 we got involved in a "CT Scanning" business. We set up the CT Scans and I put all the money in. Later on I had to take it over. The guy that I worked with not only drained us of our money but others, too. In the end we went belly-up and we

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had to close it down. But I guaranteed the obligations at the bank and we had to come up with the money to the bank. It took us years before we paid that one off. And other things have happened in life. For the young entrepreneur, it's way harder than when you're older. When you come through it, you are way stronger than before.

27. What do you think are the most important personal traits (up to 3) for an entrepreneur and why?

Persistence.

Set your goal and go for it. And that's not always easy. I think it's one of the main criteria. You get nothing for nothing. Sometimes your family has to suffer, and that's the way it is. One person doesn't want to do it—the other one says it's really worth it. In the end, for myself, I'm better off. I don't need to work towards a retirement. I don't plan to retire—there's always something to do.

28. What are the most important lessons you have learned with respect to starting and running a business that you pass on to an aspiring entrepreneur?

Be creative and be self-motivated in order to lead your people and new entrepreneurs, too. Try to see the potential in others.

Be ready to grab an opportunity even though others don't see it. When we started off there were others people who just did not see the opportunity. The other day I was at the bank and one of the guys came right away and he walked in and said, "Jack, I never saw the opportunity and I never saw the market like you did. I wish I did something like that." I saw there was a niche market and acted. I thought that the business could grow, although not to the size it is now.

IV. FAITH, ENTREPRENEURSHIP & THE MARKETPLACE

29. How do you describe the impact of your Christian faith in terms of how you find or define meaning in the context of your entrepreneurial pursuits?

I see my business as a mission. I can make money here or I can go to foreign countries and fulfill a mission. Right now I have 100 people working for me so I have 100 families that we help put bread on the table. And there is a mission.

I cannot calculate how much of that money is going in certain directions – what is doing well in the community. I think that is why a bigger business can be important in fulfilling a mission locally. We can do, as a company, when everything works well, other items, other things such as financially supporting various causes.

30. Who, if any one, affirmed your sense of direction in your entrepreneurial pursuits (as described in Question #29 above)?

In the past we had one pastor who came to our operations and we showed him what we did. We would go for a cup of coffee and he would say, “Jack, we see what you guys are doing. I think that is great.” It was a great experience.

Our pastors nowadays are not walking in our greenhouse and saying, “Hey guys, you are doing a great job.” Perhaps pastors do not have time to visit people’s businesses anymore. They’re there for the preaching on Sunday. It’s fine and dandy, but when I have only the preaching on Sunday, it doesn’t mean I don’t eat in between.

My sense of affirmation comes from myself and some business peers. I want to have the fruits of other Christian entrepreneurs around me. That is why the last eight years I have been part of a men’s group that comes together once a week. These men are not from my church, but people I’ve met over time. This is really a great asset to what I’m doing. You talk to other entrepreneurs and learn from them.

31. As a result of being a Christian entrepreneur, how has your approach to entrepreneurship changed?

I think over the years I became a stronger Christian than I was before and one of the reasons was that we emigrated from the Netherlands to Canada in 1981. We connected ourselves right away with a church where we are still going to. I do not always agree with what happens in the church, but if I wanted to walk away from that church for one of those reasons that wouldn’t help me either. With any other church I would soon find the same problems, probably. The church has been strengthened

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our family. I have three happily married children. My children and my 12 grandchildren all love the Lord and that is something that is a big blessing to us all.

As a Christian, you deal differently with employees. It was always difficult for me to pray for good business. I would rather pray for my health and for my family. I have difficulty praying to do well and make money in my company. On the other hand, over time I realized the giving pattern in my lifestyle. They teach me when you give it shall be given to you. That was a difficult one to understand. I cannot give because I want to be given. But over the years of growth, the more I give to the Lord, the more comes to me. You cannot stop it. And there's something what it is so simple and it's on our fridge: "He is not a fool to give what he cannot keep to gain what he cannot lose." I think that it is true in life, in business, in everything.

32. How did you (or do you) integrate your business/entrepreneurship expertise with your Christian commitment (and how are they complementary)?

I view my business as a mission so I see faith and business skills as completely complementary.

33. How have you been involved in your local church (that you now attend and the ones you have attended in the past)?

Years ago I was a deacon and I could not get anywhere. The day-to-day things required a lot of involvement with some programs; I would serve food to the needy and things like that. Now I am a new deacon and I try to change things for the better. I'm different. I see it more as a business; I am sometimes in the role of a fundraiser. Right now I am doing some fundraising for a girl that is in a wheelchair and we need a van for her. I'm knocking on all the doors in our congregation and we need some money for that. I find this satisfying – to help somebody who cannot afford a van and those that are poor. Two and a half years ago the girl had a stroke and is now in a wheelchair and she's not coming out of it. At the same time, through doing this fundraising I have gotten to know more people in church. There are lots of people you never talk to, but you see them every Sunday. There's a two-way benefit.

34. Have you been involved in your church denomination and how?

No.

35. Have you been involved in para-church organizations and how?

Yes, I went with the Family Life a couple of times to family conferences. From that we started a men's group years ago.

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36. What are some examples of how you have integrated biblical principles into your business practices and thus acted differently than a non-Christian due to your Christian faith?

I think that in order to integrate your principles into a business like ours it is important not to shy away from what you are. When we have a gathering together, let's say a party, we start off with a prayer. Just show the people what you stand for.

We are working with a corporate chaplain and I think we're one of the first ones in this area [Langley, BC]. Once a week, two people come in and meet the people on the floor. Employees can talk to the chaplain when there are problems. We give employees the opportunity to talk with somebody else other than the boss.

37. What are the most important lessons (up to 3) you have learned that you believe are important for Christians pursuing entrepreneurship?

First, I believe in the Lord. You may set a goal and you cannot always make it. And I work hard. But I cannot make an entrepreneur. We go through studies in our company, too, and to understand exactly the different types of people. You can see who is administrative, who is a producer and who is an entrepreneur. You cannot change that. It is difficult to make an entrepreneur.

38. How could the church in a general sense support you in applying your faith in the context of entrepreneurship?

The only way the church can see who I am and what I do is in the way I support the church. The church nowadays is the right place to go on a Sunday and to listen to a good sermon—but that doesn't make me a Christian. When I walk out the door how do I act the other six days of the week?

I think there are so many things where we can give in terms of getting more people committing to Christian faith than through our church. Let's say there is a budget item in church for half a million dollars and at the end of the year there are 10 people that have become Christians. I think that the same half million could have had a much bigger impact in other parts of the world. Perhaps 500 people would have committed themselves to Christ. Where is my dollar better spent?

39. What have been the most significant challenges for you as a Christian pursuing entrepreneurship?

I think the biggest challenge is to not shy away from practicing your faith. When people ask me why I immigrated to Canada, the only thing I can tell them is that the

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Lord directed it. The year I left the Netherlands my business started; I never made more money in that company than that year. But I decided to leave. My father and father-in-law maintained the business. After maybe 3 months I went back to the Netherlands for a visit and I had an offer on the business for next to nothing and I sold it there and I never looked back. I know, as a fact, that lots of people close off when you say that the Lord directed you to do something. However, in one case, a man right away opened up in entirely different perspective. There are other people, who are Christian, and they will talk about it.

40. Who was most helpful (and why or how) in addressing these challenges: church leadership, Christian friends, etc.?

When there is a problem I work it out with the family, mainly my wife. When there are problems, you talk it over with your wife and she gives you rest and confidence. I also talk to Christian leaders.

41. Have you hired people from your church? If so, has that been a positive or negative experience?

We do. As a matter of fact we hire people who have difficulty working on their own or who have physical challenges.

42. Have you done business with other people in your church and how?

Yes, there are people from our church that do certain maintenance work, such as plumbers and people w telephone lines and things like that.

43. Has your relationship with those people you have done business with in your church been positively or negatively affected—from a business and spiritual standpoint—by doing business together and how?

I think that is positive.

44. What do you believe are appropriate means to share your faith in your company?

Sometimes people from our workforce come to us and we have an opportunity to speak with them. We use a corporate chaplaincy program called "Corporate Chaplains Canada."² I haven't gotten much feedback yet, since it's relatively new. I

² See www.chaplains.ca.

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don't think there is any negative feedback. The negative part may be coming from me.

45. Is there any particular passage(s) of scripture that you have found particularly meaningful or that is inspirational to you?

1 Chronicles 4:9-10:

⁹ Jabez was more honourable than his brothers. His mother had named him Jabez, saying, "I gave birth to him in pain." ¹⁰ Jabez cried out to the God of Israel, "Oh, that you would bless me and enlarge my territory! Let your hand be with me, and keep me from harm so that I will be free from pain." And God granted his request.

46. Do you have any questions or comments related to Christian entrepreneurs that you would like to express an opinion on and that were not covered in this questionnaire?

No.