



SMITH GARDENS
smith gardens

Terry Smith

"I am blessed with a series of great opportunities, brilliantly disguised as impossible situations."

Smith Gardens is the producer of Northwest Grown garden products, and is a family-owned-and-operated business. The Smith family of Bellingham, WA, has managed Smith Gardens for more than 100 years, and has maintained the proud tradition of growing quality products for the Pacific Northwest gardener. Started as a truck farm in the late 1800's, the business has now evolved into a corporation with four locations to better serve its customers. During peak seasons, Smith Gardens employs over 600 workers and supplies garden centers with over 300 varieties of plants. (from <http://www.northwestgrown.com/corporate.htm>, modified)

Interview conducted on March 29, 2007
by Brad Katronis and Jordan Weller

BIOGRAPHICAL INFORMATION
biographical information

Terry Smith

Position: President

Company: Smith Gardens

Website: www.northwestgrown.com

Locations: Bellingham, WA; Marysville, WA; Aurora, OR;
Watsonville, CA (USA)

Type of Business: Greenhouse flowers and plants, plugs and liners

Number of Employees: over 600 in peak season

Status: Private

Years in Operation: since 1901

Approx. Annual Revenue: undisclosed

GENERAL QUESTIONS
general questions

1. When did you start your first entrepreneurial venture, and what was it?

When I was eight years old I started raising and selling pigs. My father and uncle owned Smith Gardens at the time, so they gave me free vegetables to feed to my livestock.

In junior high I started growing conifers and some flowering plants. Then in high school I had a delivery route, taking flowers to shops and small markets. When I graduated from high school in 1960, I had saved \$10,000. I used the money to build a new home in 1965.

2. What motivated you to become an entrepreneur?

I have always been ambitious and able to see entrepreneurial opportunities. After I went to college, I chose to run Smith Gardens with my father and uncle. I had developed a strong interest in horticulture as well as in entrepreneurship, so Smith Gardens was the perfect combination of both passions. Eventually I became the owner and president of Smith Gardens, all the while seeing God's providence in it.

I've always loved challenges and opportunities, and Smith Gardens provided a lot of them. The love started with planting seeds in my first garden, when I was 4 years old. The challenge of running in track-and-field at school also taught me discipline, and how to overcome challenges to become a winner. Those experiences motivated me to become an entrepreneur, though I didn't realize it at the time.

As a member of the third generation in an entrepreneurial family, I naturally possessed the qualities of an entrepreneur. These were given to me by God in my "DNA"—Divine gifts, Natural gifts, and Acquired gifts. I've always had a positive outlook on life, which I believe is important in entrepreneurship. My attitude

and perspective is that I am blessed with a series of great opportunities, brilliantly disguised as impossible situations.

3. Was anyone a model of inspiration for you, and if so, how?

In 1956, my junior high track coach asked me to participate in the first "Turkey Trot," which later became an annual cross-country race at that school. I won, and fifty years later I was asked to share my story in a school assembly. I shared about my coach, because his inspiration had a profound influence on my life and career.

His personal interest in me, and his willingness to put on his running shoes and run with me, made the difference. Though he did not teach me directly about entrepreneurship, he encouraged me to join sports, where I learned the value of a team, the thrill of winning, and the commitment and discipline needed for victory.

4. Was your educational experience (to whatever extent) helpful?

Yes. After 2 years of Junior College, I attended a specialized school in Floriculture. The motto of the school was "Learn by doing." This hands-on approach to growing—and business—exposed me to the floriculture industry and the possibilities before me at Smith Gardens. It was at this time that I chose the tag line for our business: "Our Business is Growing."

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

I have personally expanded Smith Gardens by starting 3 additional flower growing operations. I started one in 1987, in Marysville, Washington (56 acres of land, 10 acres of greenhouses); one in 1997, in Aurora, Oregon (3 leased operations, which we plan to consolidate into one large operation in 2007); and one in 1999, in Watsonville, California (26 acres of land, 6 acres of greenhouses).

The Watsonville facility also includes Pacific Plug and Liner, a new and diverse business opportunity—we start all of our inputs there, and also sell plugs and liners through brokers to other growers throughout the US.

6. How many of these business ventures were financially successful?

All of the new locations in the Smith Gardens expansion have been financially rewarding. The assets in real estate have been put into separate LLC's, and Smith Gardens rents the land and facilities from the LLC's. We provide separate and combined financial statements.

Our expansion helps the business in a number of ways. It enables us to grow specific crops in diverse locations, and it also helps us in economy of scale, being closer to our market, and taking advantage of the physical layout of greenhouses and climatic conditions.

Smith Gardens today is the largest commercial greenhouse business in the Pacific Northwest. Today our market includes Washington, Oregon, and Alaska. We cater to the mass merchandisers Home Depot, Wal-Mart, and Lowe's.

QUESTIONS ABOUT YOUR BUSINESS
questions about your business

7. How did you identify the opportunity that preceded setting up your business?

The longer I worked with my uncle and father, the more discontented I became with their conservative approach to business. I was a visionary, a pusher, and a driver, so I was continually struggling with their leadership decisions. My frustration led me to start the Marysville greenhouse operation on my own in 1987. When the Marysville greenhouse began showing signs of success, my uncle and father were more willing to accept the idea.

In terms of proactively assessing the opportunities in horticulture, I have taken many trips to the Netherlands that put me in touch with the best and

brightest horticultural minds in Holland. From their influence I learned what my business would need for success. Then I pursued those needs diligently.

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

I asked myself a series of questions. First, "Am I ready?" No question. I was prepared for this.

"Was there a market?" Yes.

"Could it financially sustain itself?" I went forward and never looked back.

I felt God's presence leading me in a very real way. He played a record over and over in my mind, saying, "Trust Me—trust Me." I stepped out in faith, and very humbly experienced peace of mind.

Memories of my sports mentors and childhood work experiences helped me recognize that God was with me. Plus, I had ownership shares within Smith Gardens that I could leverage, and an uncle who later supported and believed in me and my dreams; those factors gave me the courage to go for it.

9. How much time elapsed between the day you saw the opportunity and your first day of business?

A year or two. Smith Gardens had prepared me to understand the business, and I simply seized the moment. In late 1986, I presented my business plan to my accounting firm and my banker. In 1987 I purchased the Marysville property, and the permit process started with the first day of business in the fall of 1988.

The opportunity was always there to grow our business; the question really became a philosophical one. Do I stay and work with my father and uncle at their pace, or step out in faith on my own? I'm thrilled today that I made the latter decision.

10. Did you have business partners? If so, who were they, and how did you find them?

I have had business partners at different times in my life. I officially joined the family business in 1964. The partners were my father, my uncle, and me. In

1993 my wife and I became the sole owners.

Today Smith Gardens is continuing through the next generation. My sons Mark and Eric have joined my wife and I as partners. We also consider God a partner in our business. In some ways our bank and accounting firm are partners as well, because we expect them to help grow our business.

11. Did you have a written business plan of any kind?

Yes, I had a strategic plan for our Marysville operation. It was a modernized facility that would complement Smith Gardens in Bellingham and give us future opportunities for growth. My business plan was to operate it as a separate entity, but I ended up selling all of my inventory to Smith Gardens in Bellingham, and they in turn sold it to the marketplace.

12. What type of financing did you have?

Long-term bank financing.

13. How much capital did your business require?

Smith Gardens Marysville needed about \$1.2 million to start phase one.

14. How long did it take for your business to reach a positive cash-flow position?

Smith Gardens Marysville reached a positive cash-flow position almost immediately, because I had an advantage as a shareholder in Smith Gardens Bellingham. Although the Marysville operation was its own entity, I was able to sell the increase production to Smith Gardens Bellingham, the parent company. Thus we kept our market share, and a positive cash flow started.

15. If you did not have enough money at the start, or at low points in the business cycle, what did you do to stretch your capital?

I personally took out a \$1.2 million long-term loan, using the security of my shares in Smith Gardens Bellingham and my personal home as collateral. All of this was done without my father's blessing. I was still a partner with my father and

uncle, but I chose my own banker and accounting firm.

There weren't any financial low points in my endeavor. We were careful with our money, but we didn't have to stretch it.

16. What were the strengths of your venture?

I already had an established market through the parent company (Smith Gardens Bellingham), and a blueprint for the company's future growth. My Marysville location met growing market demands, so it was a wise expansion.

17. What were the weaknesses of your venture?

I only saw opportunities for business and team growth.

18. What was your most triumphant moment?

Some of my most triumphant moments are when I share my philosophy and it in turn gives someone else hope.

As well, in the year 2000, a major floricultural magazine awarded me the title "Grower of the Year." They printed a four-page article about Smith Gardens, and my photo was on the front cover. The real joy came in the title, "Team Terry."

Finally, I'm extremely proud that two of my sons are managing the day to day activities of the company. They are doing an excellent job.

19. What was your worst moment?

My family's worst moment came in 2001, when the US bank decided nationally that it didn't want the risk of agricultural loans. The bank cut our line of credit by \$2 million. That was painful, but we survived.

We even became a much stronger company through that trial, because we learned to totally depend on God to sustain us. Now we pray every Monday morning for the issues of our business, asking Him to guide, direct, and provide.

20. What were the most difficult gaps to fill (or problems to solve) as you began to grow your company?

We have a very complicated and sophisticated business. We are dealing

with a perishable product, and four locations in three states. We also supply to three very fierce competitors—Home Depot, Wal-Mart, and Lowe’s—and our market spreads across Alaska, Washington, and Oregon.

Based on that reality, one of our most difficult gaps to fill is hiring key staff with the right attitudes. We go to great lengths to get the right people on the team. Our success is in people: chemistry brings synergy.

As we grow, everything and everyone has to step up. This requires good management decisions. Also, increased size dictates more product—more trucks, more racks, etc. We need to make the right decisions.

Today my sons and I have added five phases to the Marysville operation. Initially we found that if we had other nurseries grow for us on a “contract” basis, then we wouldn’t have to tie up cash for expansion. That concept worked well until some tried to go directly into our market.

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

Integrity, passion, humility, team spirit, a strong work ethic, skills, and honesty are key attributes we look for in people.

In terms of leading the company with an entrepreneurial mindset, my sons and I are visionaries with discipline and commitment, and we must have the courage to face and overcome adversity when the going gets tough.

REFLECTIVE QUESTIONS

reflective questions

22. What have you found most personally rewarding and satisfying as an entrepreneur?

I love the challenge that comes with the territory. It has been personally rewarding to see my dreams become reality, and to see people take my dream and let it become their dream. I received a lot of pleasure from accomplishing goals that would lead to sustainability.

Being able to integrate my business with my faith is also personally rewarding. In addition, I enjoy watching two of my sons become the fourth generation to manage Smith Gardens. As I cheer from the sidelines, it is most gratifying to be appreciated and included in the business.

23. With respect to starting and running a business, what are the three most important lessons you’ve learned and hope to ‘pass on’?

It is imperative that you do what is on your heart; otherwise your job will only be about the paycheck. I have also learned that it is never too late to start doing what is right, and that humility is a secret to true success.

I have a number of ‘Terry’ proverbs, including, “Obstacles are what you see when you take your eyes off the goal.”

24. What does the word “calling” mean to you?

“Calling” is a special gift from God—His way of saying to us, “I’m with you, and you are created in My image to make a real difference while on this earth.”

A number of years ago I heard a sermon on recognizing our gifts, and I believe that by knowing them, we can have a clearer picture of our calling. God has made us with “DNA”—Divine gifts, Natural gifts, and Acquired gifts. Being obedient with those gifts is our calling as Christians. He has called us to do what is on our hearts.

25. Do you feel “called” to entrepreneurship? If so, what does that mean to you?

Yes, I very definitely do feel called to entrepreneurship. I know God wired me as an entrepreneur in my mother’s womb. It’s back to DNA: He hard-wired me to be passionate, creative, adventuresome, ambitious, committed, and encouraging. From a very young age I have felt God’s peace about my life direction.

26. Who, if anyone, affirmed that calling?

During my career training in Floriculture, Mr. Bob Danielson (my advisor) mentioned that he could see my natural affinity toward growing flowers. My success has also confirmed that I am where God has called me to be. As well, my Uncle Russ believed in and encouraged me.

27. What do you believe your gifts are as an entrepreneur?

I believe my gifts are encouraging and coaching others, giving financially so others can do their true “calling” too, having vision to see strategic possibilities, being able and willing to delegate responsibility where I have weaknesses, and being a leader.

28. How do you integrate your business expertise with your Christian faith, and how are they complementary?

I have always believed that my business was entrusted to me by God. I have tried to implement Biblical principles in every aspect of the company, so I would find it hard to separate the secular from the sacred.

I have made all my plans while counting on God to direct my steps. This dependence on God has given me great peace of mind. Today, more than ever, I realize I am merely a steward of what God has richly blessed me with.

29. How have you been involved in your local church?

My wife and I are very excited about the vision of our church (‘Christ the King’ Church, Lynden, Washington). Our pastor has a passionate burden for the lost. His desire is to surround the cross with people from many nations. Also, our pastor encourages people to support Christian’s businesses as mission fields, both financially and through prayer.

In our former church I was a youth leader, Awana Leader, Deacon, and usher.

30. Have you been involved with your church denomination?

We attend a non-denominational church. Our support is through prayer, giving, and regular attendance.

31. Have you been involved in para-church organizations?

I’ve been involved with Gideon’s, Gleaner’s, and mission trips with HCJB (Heralding Christ Jesus’ Blessings), as well as through world radio. I’ve also contributed to the involvement of many individuals in para church organizations.

32. How have you integrated Biblical principles into your business practices, thus acting differently than a non-Christian would?

There are several examples:

As our mission statement very clearly states, we are a company that honors God. With that said, I feel the greatest compliment to God is to live spirit-filled. It’s

our hope that people will see God through our consistent lives of faith.

We keep the Sabbath day holy. We don't pursue our own interests on that day, but enjoy the Sabbath, and speak of it with delight as the Lord's holy day (Isaiah 58:3).

We share a percent of our corporate profits to further the Lord's work, and we are privileged to be working with our youngest son Ryan in the Balkans, doing business as a mission. Also, I'm privileged to be a Gideon.

When we had a \$350,000 loss due to a hailstorm in our California operation, we lived by faith. We tried to view life from a Christian perspective by giving thanks in all circumstances and asking, "Lord, what are you trying to teach us?"

My family and I pray every Monday morning from 7 am to 8 am for our business. Our prayer requests may include safety for our drivers, wisdom in working with corporate buyers, or asking for sunny weather. We have a daily dependency on God.

Also, before we go into battle, we listen to our advisors, as it says in Proverbs 11:14: "Without wise leadership, a nation fails; with many counselors, there is safety." We have four Christian, outside advisors who love us and care a great deal about our business—an invaluable peace of mind.

33. What lessons would you 'pass on' to Christians pursuing entrepreneurship?

Make the Bible your blueprint for living. All the answers for a successful life and fruitful business are found in its pages.

Be careful: the business you are entrusted with can become your god.

Have a healthy respect for the gift of life and the opportunities God has put before you. Always have servanthood and stewardship engraved on your brain, and integrate Christ into every area of your life.

You must be committed to your dream, and passion is the fire that keeps you going forward. If you don't have persistence, you will never achieve what you could.

As well, the learning process should never stop. I'm constantly reading, traveling, and networking. These activities open new opportunities. Don't be afraid

to accept new challenges, even if they move you out of your comfort zone—as long as you have the fundamental business skills to succeed. Do your homework, find out as much as you can, but in the end you'll have to take a leap of faith.

Remember: to be successful, there will always be sacrifice.

Finally, employees are the team! 43 years ago I chose the business tag line "Our Business is Growing"—we are growing flowers, growing in size, and allowing people to grow. This philosophy has been the key to our success. Treat employees well, look for natural relationships, empower other people, and do what is best for each individual. Let people bloom where they are planted.

34. How could your local church congregation support you as an entrepreneur?

Our pastor and church are very supportive of my entrepreneurial spirit. Pastor Kim Ryan has even walked over our crops and prayed for God's success. He owned his own landscaping business before he was called to become a pastor.

Our associate pastor has developed a very successful outreach once a month called Pulse ministry. This is a luncheon where business men are invited to share how God is working in their businesses. There is a recognition that business people are an untapped resource for the glory of God.

35. What have been the biggest challenges for you as a Christian in business?

The biggest challenge has been in my time management. I'm very grateful to my patient wife.

It was also challenging to work with my conservative father and uncle. When I reflect on my career, I do appreciate my heritage. However, I also value the way God wired me to handle all the challenges of the free enterprise system.

36. Who has been most helpful (and why or how) in addressing these challenges?

My Christian attorney and accountant were most helpful. They understood my situation and personally cared about the future of Smith Gardens.

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

Yes. It has been a positive experience.

38. Have you done business with other people in your church? Please explain.

Yes, I have done business with people in our church. We have personal relationships that have lasted for over 30 years. We have hired people with carpentry skills, and we hired a fellow believer who became our Sales Manager.

39. Have your relationships with those people been positively or negatively affected—from a business and spiritual standpoint—by doing business together? How?

I have experienced several positive relationships, but I did experience a difficult situation with an individual who became a manager in our business for a period of about four years. We were also in a Bible study together.

The job had outgrown his experience level. This added to a great deal of stress, because I had no other choice but to terminate him. It was only proper to give him a substantial severance package and the services of a Christian counselor.

40. Are any passages of scripture particularly meaningful or inspirational to you?

Isaiah 41:10: "So do not fear, for I am with you; do not be dismayed, for I am your God. I will strengthen you and help you; I will uphold you with my righteous right hand."

Matthew 6:19-21: "Do not store up for yourselves treasures on earth, where moth and rust destroy, and where thieves break in and steal. But store up for yourselves treasures in heaven, where moth and rust do not destroy, and where thieves do not break in and steal. For where your treasure is, there your heart will be also."

Philippians 4:6: "Do not be anxious about anything, but in everything, by

prayer and petition, with thanksgiving, present your requests to God."

As I look back over my career, I see God's hand of protection. I have been so dependent on Him. Two of my favorite verses have been Philippians 4:13—"I can do all things through Christ who strengthens me"—and Proverbs 16:3—"Commit to the Lord whatever you do, and your plans will succeed."