

# Getting Started in the Greenhouse Business

From the Virginia Greenhouse Operator's Training Manual – Chapter 1

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# Getting Started

- Many GH start each year, most as a family venture.
- As with any business, many fail in the first five years
  - Insufficient knowledge of the business
  - Insufficient startup capital
  - Under-estimate the long hours and dedication required



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# Getting Started

- The author of this chapter of the Virginia Greenhouse Operator Training Manual is Dr. Paul A. Thomas, Department of Horticulture, University of Georgia, Athens, GA.
- He poses 15 basic questions
  - No quick answers, so plan on time to explore and find the information you need



# Question 1:

Why did you decide on the Greenhouse Business?

- A greenhouse business is not a hobby
  - Long hours; competitive occupation
  - Myriad of regulations governing the industry
  - You need to understand the fundamentals of horticulture
  - Owning and running a business to make a good living can be difficult
- Ask yourself, do you actually *know* anything about the greenhouse business



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# Question 1:

Why did you decide on the Greenhouse Business?

## Minuses

- Need to pursue some formal horticultural training
- Demanding physical labor
  - Long days & weekend work
  - Heavy lifting
  - Long periods of time standing on uncomfortable surfaces
  - Temperature extremes
  - Wet feet
- Crop failures
- Weather events
- Lack of marketing skills

## Positives

- Success comes to those who acquire the training, knowledge, resources and have the drive to succeed
- Being own boss can be a wonderful feeling
- Many greenhouse businesses are trans-generational
- Can make a modest, comfortable living



# Question 2:

What types of crops are you thinking about producing?

- Annuals, perennials, hanging baskets and vegetable plants are easy starting points
- *“Grow what sells, not what you are fond of.”*
- Knowing what you are going to be growing in advance will likely determine the type of structure and facilities required



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# Question 3:

To whom will you sell, for how much, and how?

- Type of business: wholesale, retail, mail order
- Market Research – it's 10X harder to sell a plant than it is to grow one; Plants won't sell themselves – marketing
- Shipping for wholesale and mail order
- Pricing



# Question 4:

What experience do you have growing plants?

- Experience is valuable
- Take horticulture and business classes at local tech school or community college
- Background often cited by successful greenhouse owners:
  - 2-3 years experience working for someone else
  - 2 or more years education
  - Business partner with both of the above
- Because of many technical pitfalls, plan on dedicated 2-3 years of “learning the ropes”
- *“Better to learn from mistakes using someone else’s money”*



# Question 5:

What is your overall financial situation?

- Bottom line: you will need a sizeable amount of cash for building, and a cash reserve for operating a greenhouse
- Recommendation: have at least 2 years “personal income reserve” in the bank *after* the greenhouse is constructed and operational



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# Question 6:

Have you thought about how you'll be setting up the company?

- Sole proprietorship, partnership, limited partnership and/or corporation
- Each has advantages and disadvantages
- Forming a corporation may semi-protect personal property/assets
- Tax consequences
- Business name



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# Question 7:

Do you have a business plan?

- Lack of planning is one of the leading causes of business failures
- Develop a focused, well-researched business plan that will serve as a blueprint
- Not only will a business plan improve your chances of success, lending agencies will want the details too.



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# Question 8:

Have you identified sources to obtain funding?

- Local bank/credit union
- Local Farm Credit Association
- Small Business Association (SBA)



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# Question 9:

What criteria will you use to chose a location?

- Do you currently own land?
- Suitable site:
  - Zoning – is it properly zoned? Check your locality – agriculture, commercial or industrial zoning
  - Permitting for greenhouse and support buildings
  - Availability of utilities – continuous, reliable electricity; gas
  - Proximity to respective market
  - Water Quality – test for suitability for irrigation

# Question 9:

What criteria will you use to chose a location?

- **Site Considerations:**

- Good drainage
- Topography
- Winds for cooling
- Before you put up your first greenhouse, consider where you will put up your last greenhouse and plan accordingly



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# Question 10:

When do you plan to start up?

- At least 8 months of planning
- 2+ months for financing and ordering supplies
- 3+ months of construction
- 3+ months of production prior to first sale
  
- Start-up phase 14 – 18 months before moving first plants in
- Spring production is best season to start
  - Yield highest profit margin, save some of winter costs



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# Question 11:

What kind of greenhouse should you buy?

- Structure: even span, Quonset, ridge and furrow, gutter-connected
- Covering materials: Glass, plastic (poly), fiberglass, acrylic
- Heating systems: unit heaters, root zone, gas, electric
- Mechanization
- Hobby greenhouses are terrible investments if you intend to use them as the basis for starting a new business



# Question 12:

What do you do about hiring and training workers?

- Family operation?
- 8,000 sqft – seasonal help
- 20,000 sqft – 1FTE
- More labor intensive crops – additional workers
- Simple or repetitive tasks that do not require major decision making can be done O.T.J.
- Use of pesticides – worker protection training EPA and OSHA
- Payroll and benefits – 25-30 percent of budgeted expenses

# Question 13:

How do I go about marketing my product?

- Product decisions and marketing decisions go hand in hand – you should be able to market what you produce
  - What are the customer's needs?
  - Do you have the knowledge and facilities to raise and deliver the product?
  - If I raise and sell the products, will I make a profit?
  - What is my competition doing?
  - What will distinguish my product from my competitor's product



# Question 14:

What kind of business records do I need to keep?

- Now, typically computer records
- Consult an accountant
- Systems are typically not difficult, but you may need someone experienced in the system to help guide the system set-up



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# Question 15:

Have you contacted these resources yet?

- “If you don’t stay informed, you’ll lose your profit margin.”
- On-going continuing education
- Newsletter and magazines
- Grower organization
- SBA
- Local Bank
- Local Chamber of Commerce
- Tax Assessor
- Virginia Cooperative Extension Agent
- Insurance Company
- VDACS
- Other local growers



# Summary

- Most beginning greenhouse businesses rely on the owner's horticultural knowledge and experiences
  - Bookkeeping, payroll, purchasing and payments, selling and marketing, erecting buildings, installing and maintain heating, ventilation and water systems.
  - Responsible for producing and selling a quality crop
  - Manager, supervisor and worker



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