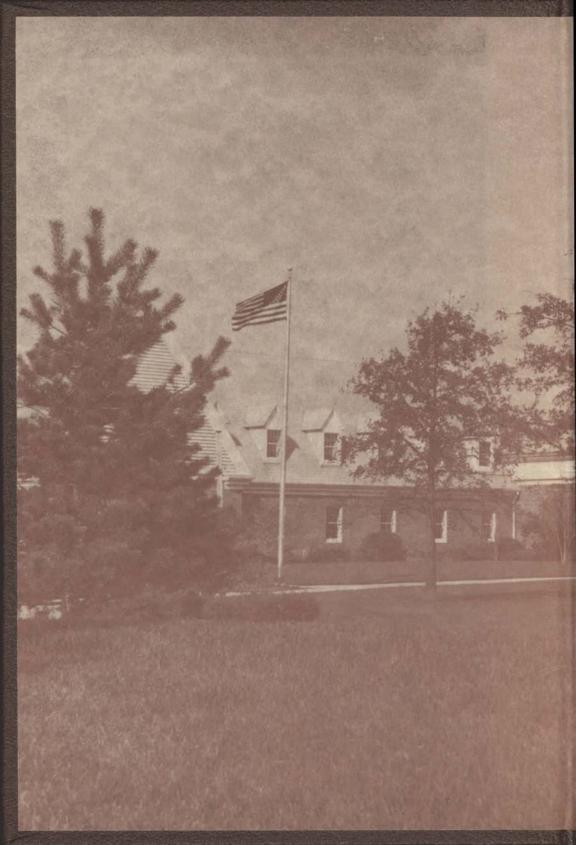
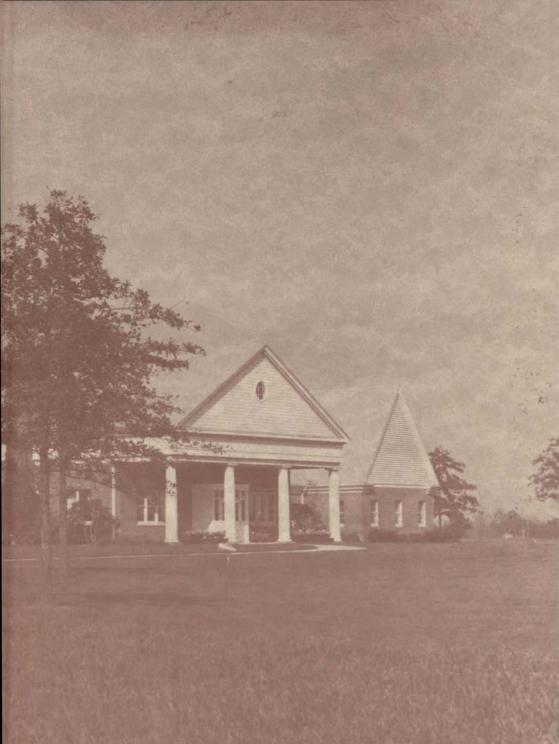
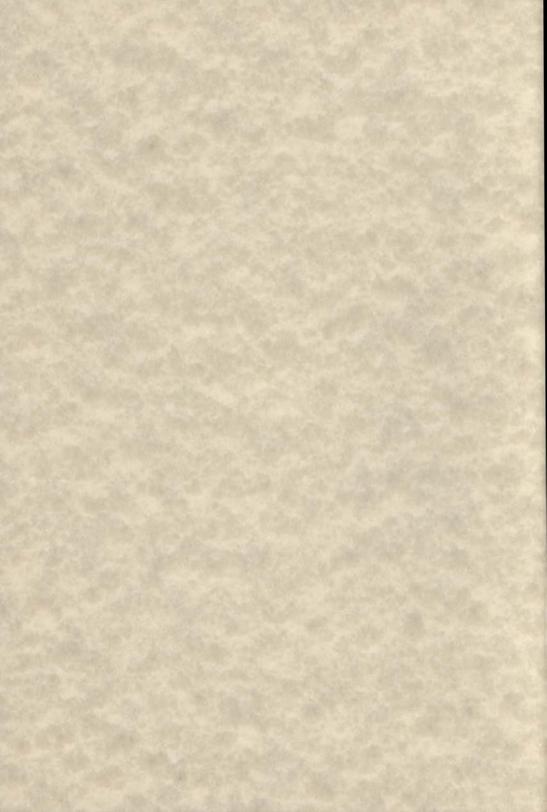
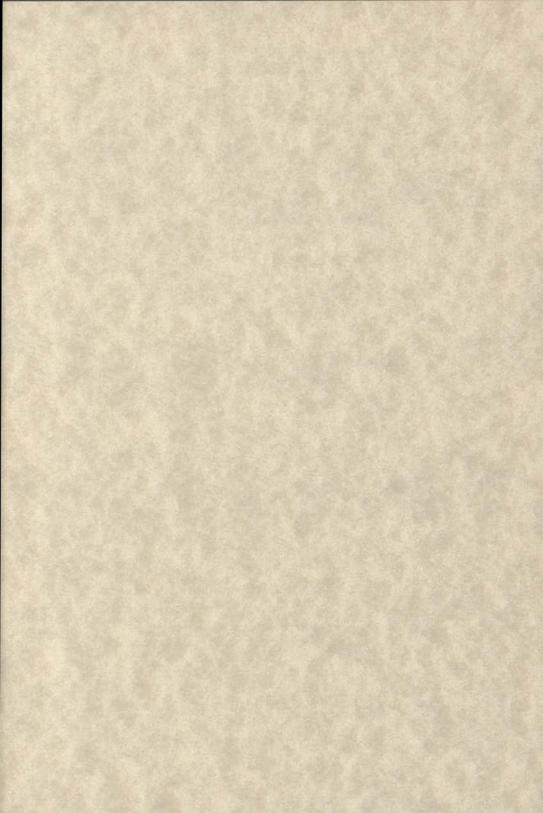
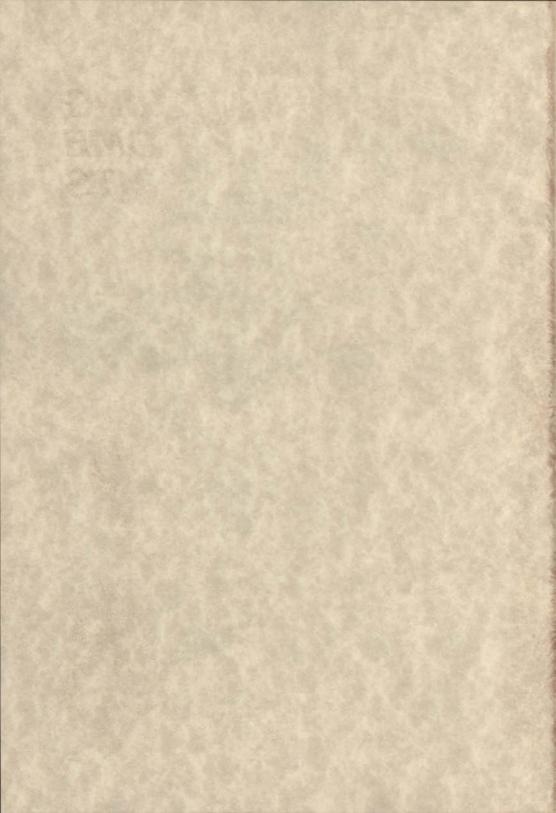
# SHARING SOME THOUGHTS

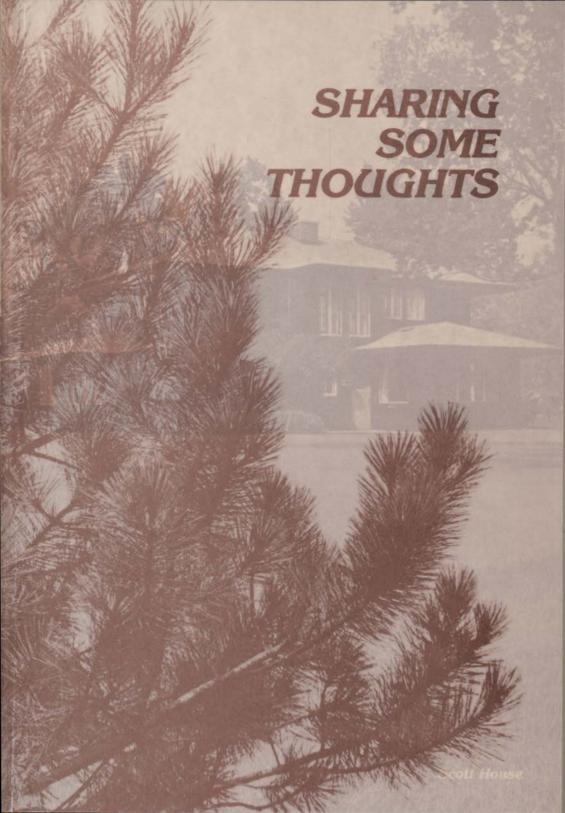


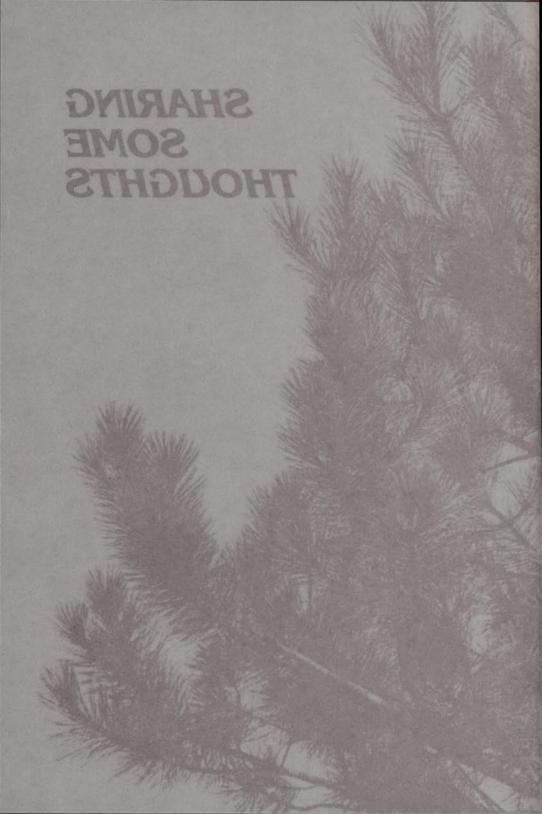


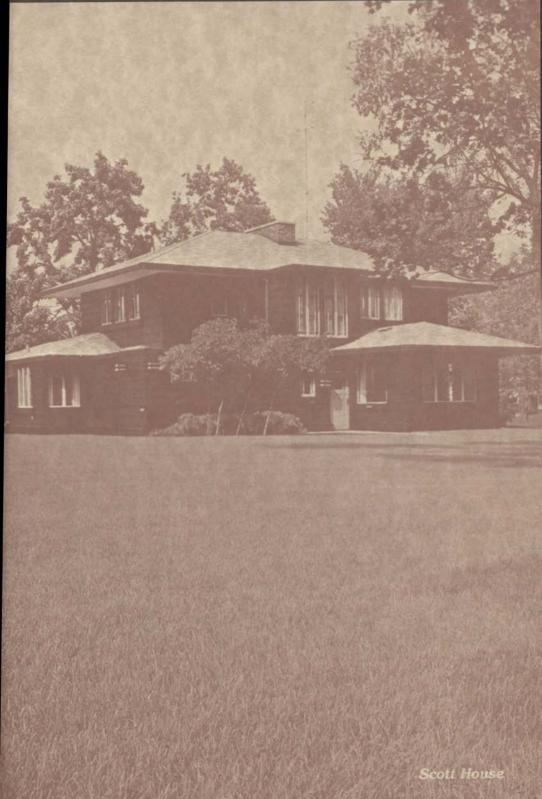


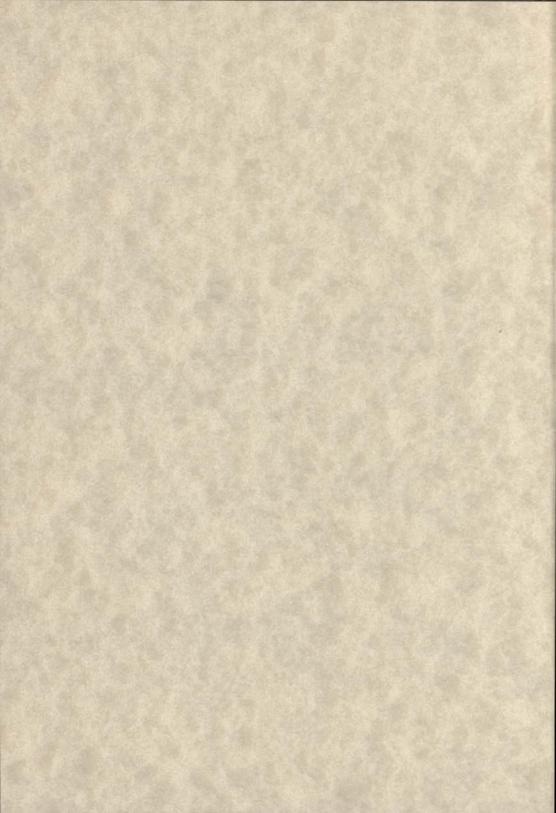






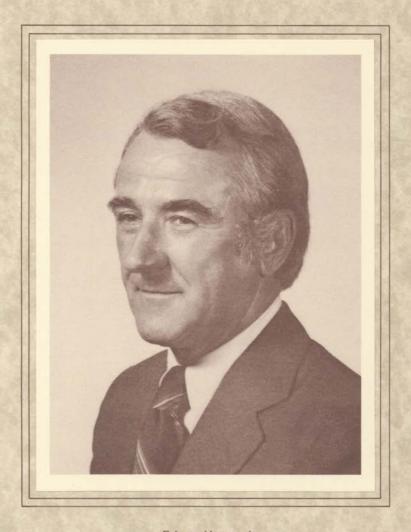




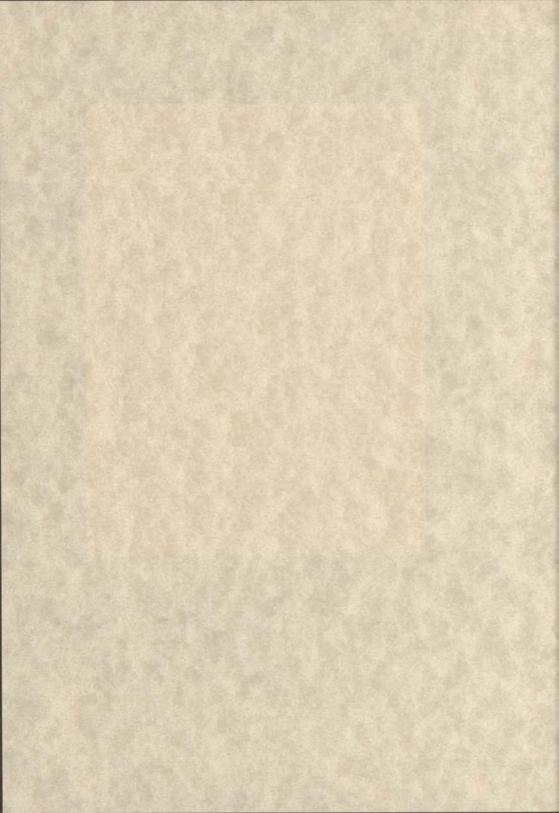


# SHARING SOME THOUGHTS

LE HERRON JR.



F. Leon Herron, Jr. Chairman and President O.M. Scott and Sons Co.



## Foreword

We, Scott associates, are proud of the reputation of our company. As our president and chairman, Le Herron, has pointed out:

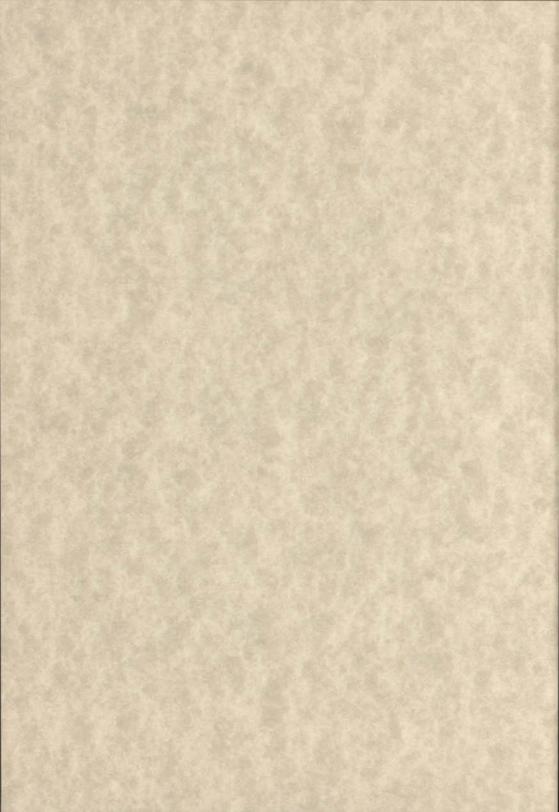
"There are very few companies that have been in existence over a hundred years. There are even fewer with a heritage of leadership that has weathered the trauma of change, and yet remained strong and contemporary. The more we know about who we really are, the better we can plan what we want to be. Roots are an important part of growing and they are an important part of Scotts."

We in the Research Division believe that the "Sharing Some Thoughts" letters are a unique and inspirational way of bringing home to all associates, who we are, what the company stands for, and our belief in the importance of fundamental values.

Le has reminded us in these letters of many things: we are a family of associates not employees; we all work for one person, the Consumer; we are in business to offer people better ways to surround themselves with green and growing things; and trust can't be bought — it can only be built, bit by bit, by all of us.

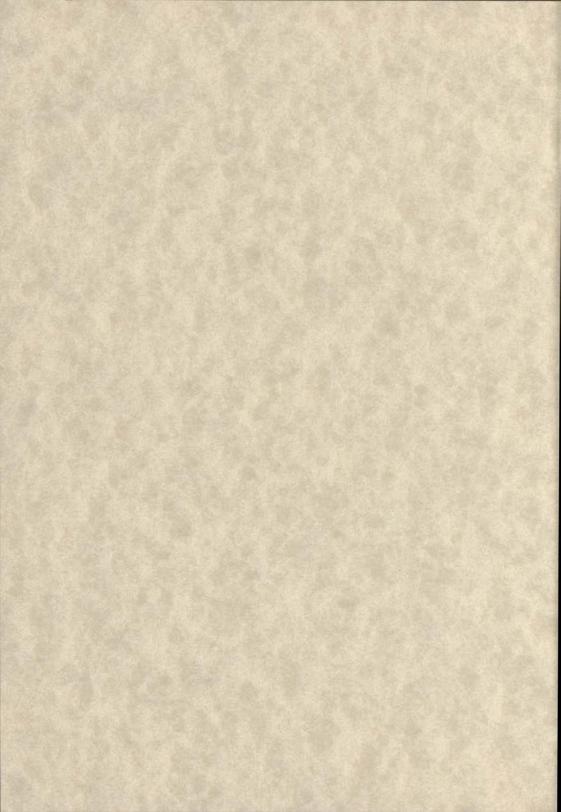
So that these letters will be available to all Scott associates in the future, we in Research have taken the opportunity to reproduce all the letters to date of "Sharing Some Thoughts."

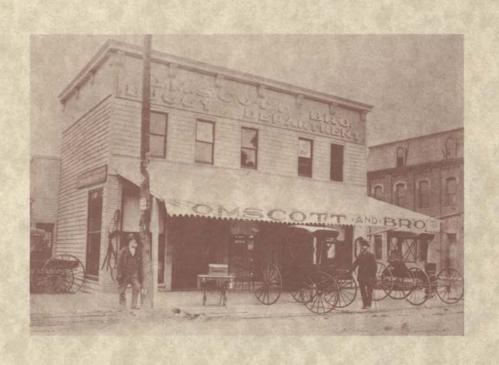
The Associates Dwight G. Scott Research Center

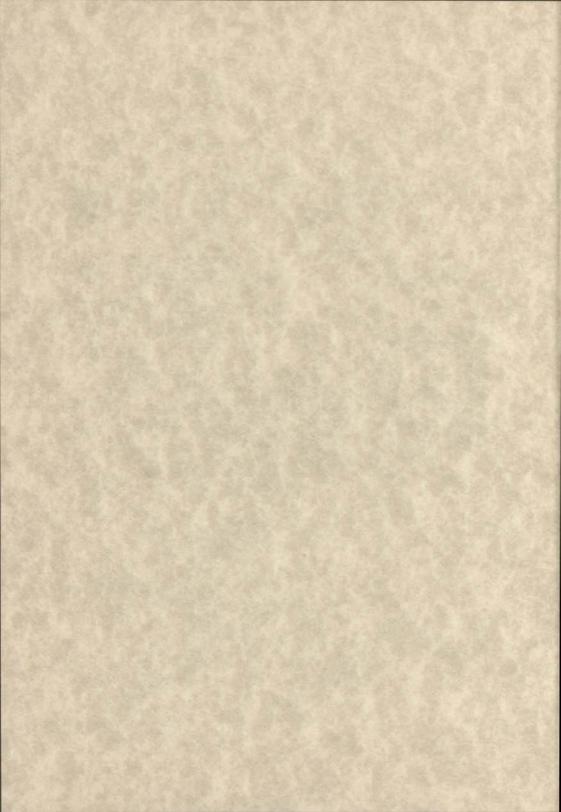


## Contents

The Heart of Our Business	1
The Pioneers	3
The Little Revolutions	6
Thinking Cheap	9
Price and the Customer	
Heritage	16
We Associates — Part One	
C. B. "Chid" Mills Reminisces	25
We Associates — Part Two	29
Who Is The Real Boss?	33
Lawn Care	38
Satisfaction Guaranteed	41
Change	45
Trust	
The Value of Excellence	52
Involvement	
Phantom Products	58





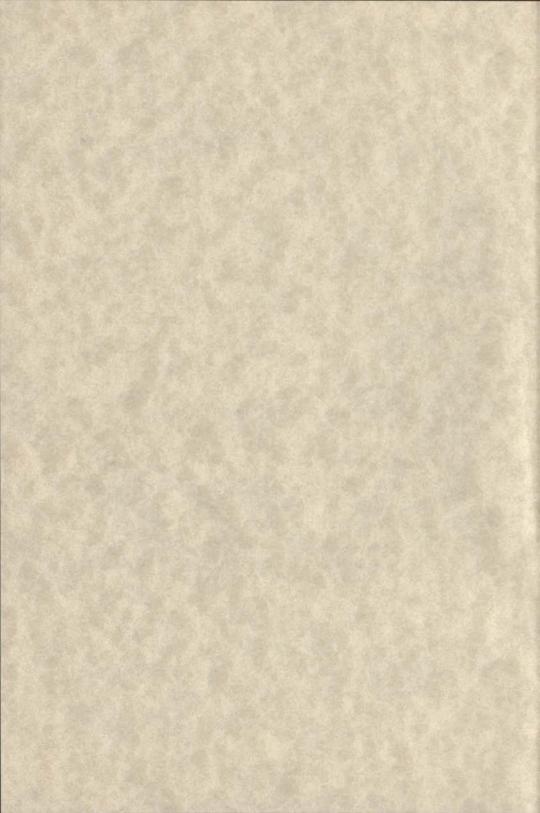


# The Heart of Our Business

The other day I was having lunch with a friend when an acquaintance of his came up to us to say hello. In the course of the greetings my friend was good enough to introduce me: "This is Le Herron, of O. M. Scott." And then, as we were met with a blank look, he added, "You know, Scott Seed." Instant recognition: "Oh, of course."

I'm sure that's happened to you. You've been introduced as being with "Scott Seed." Or with "Scotts, the people who make Turf Builder." Or with "Scotts, the lawn people." We have a lot of identities. And they make me wince a little, because none of them really gets to the heart of who we are. Or why we are. I'd like to take a few minutes to share some thoughts on that with you.

Scotts is not in business just to sell seed. Or Turf Builder. Or any other product per se. We are in business to offer people better ways to surround themselves with green and growing things.



The truth is that our business is rooted in the dreams of nearly every human being . . . the longings for greenery that is partly love and partly need, a desire for natural beauty that is one of man's fundamental instincts. All we have done is to recognize the limitations of man's ability to fulfill this dream — and help him to make it happen.

And the dream goes on. As the pressures of life increase, the need for greenery, far from being suppressed, intensifies. Our opportunity to grow and to prosper will be limited only by our ability to help people achieve satisfaction. Ten or twenty or fifty years from now our raw material and our finished products may be totally different from what they are today. But the need for our particular capabilities will never disappear, and so our business purpose will not change.

Perhaps we should measure everything we do against the question, "Is it helping someone make their dream come true?" If it is, then we are being true to Scott's tradition and we can't go very far wrong.

I would like very much, someday, to be introduced as "Le Herron of Scotts — you know, the people who help bring you nature." **THAT** is a wonderful business to be in.



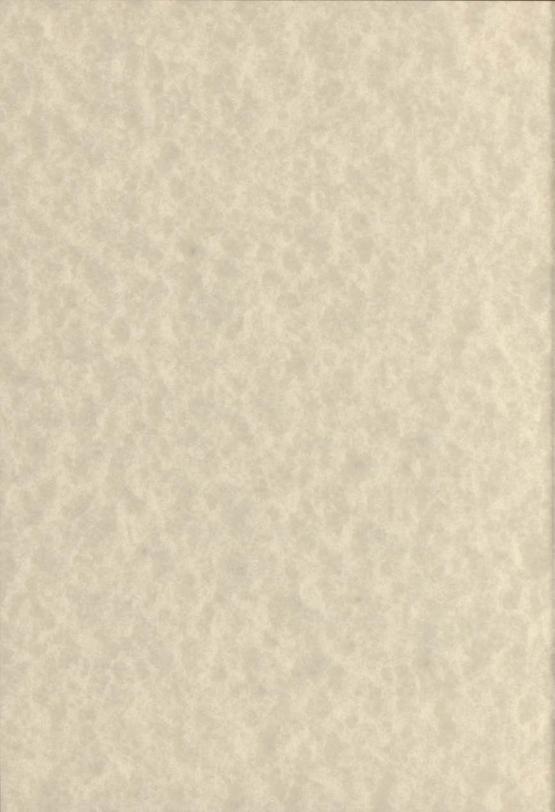
## The Pioneers

We at Scott's have a history of pioneering that goes back to day one, when O. M. Scott decided to market the first truly weed-free seed. Since then, it's been one innovation after another: the first turf fertilizer, the first accurate lawn spreader, the first weed-and-feed. And, since then, a series of technological developments has led us to our high-density fertilizers, our labor-saving control products, and our improved turfgrasses.

It seems as though all we have to do to stay at the forefront of our business is to continue to innovate. All we have to do is make sure our Research Division keeps burning the candle at both ends to give us an unending stream of new products.

With all respect to the great abilities and dedication of our Research people, I have to say I just don't believe that.

As important as new product development is, it won't make or break us as a company all by itself. What our



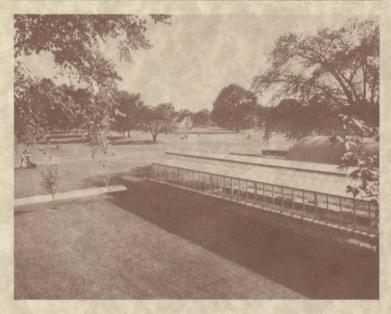
future really depends on is our power to understand and communicate what we can do for people. New technology is just a way to keep expanding that capability.

This does not diminish the heavy responsibility we place on research. Rather, it increases the responsibility of the rest of us to communicate the value of what Research has developed. Not just the "what" but also the "how" — and, most importantly, the "why" (in terms of benefits for the customer).

In an indirect way, this comes back to understanding what business we're in. We are really pioneers of new ideas... and before we can sell a new product, we usually have to sell the new idea that it's based on. That makes the job much tougher, of course—you can't just put a new idea in a box and say "Special Introductory Offer" and expect people to snap it up like hotcakes. You have to understand it. And you have to make other people understand it.

This is the responsibility I mentioned earlier. It starts with us — with all of us, not just our R&D people. In fact, we are all R&D people when it comes to our future. "Research," after all, means "investigating thoroughly" and "development" means "opening" or "revealing." And that's the business not just of a couple of hundred people who work with test tubes and turf plots, nor just the handful of Marketing asso-

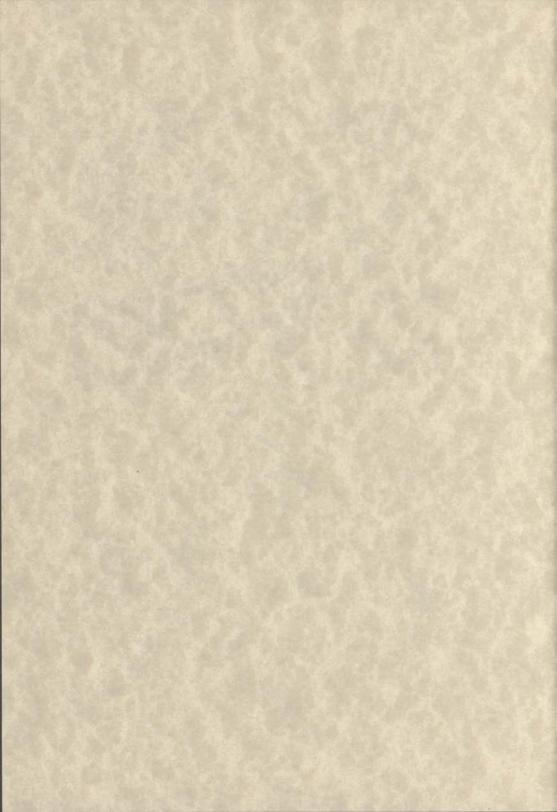




The Edgewood Turf Plots, the first formal research area of O. M. Scott and Sons.

ciates who work directly on communiations, but of all of us at Scotts. Each of us needs to understand thoroughly what our business is, and what the ideas are that we are trying to reveal. Each of us, even if indirectly, contributes to or supports the overall communication effort. Each of us has the choice of either "standing pat" in what we're doing or, by always looking for an improved method here and a new wrinkle there, of being a "pioneer."

That's our future. And that's our challenge!

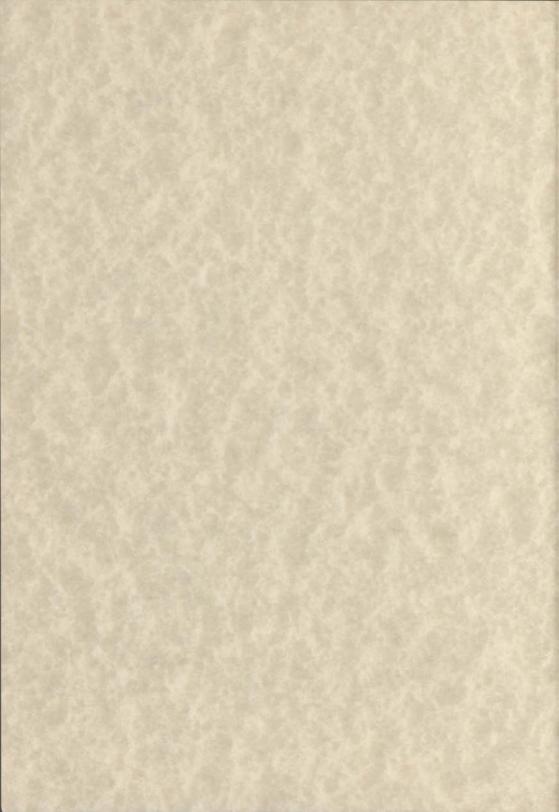


## The Little Revolutions

"What our future really depends on is our power to understand and communicate what we can do for people."

I honestly believe that's the key to our success. And as I mentioned in a recent memo, I think it's a responsibility all of us at Scotts share. We're in business to help people achieve their natural desire to surround themselves with green and growing things. For over a hundred years, we've been pioneering new ways to do that. And — some times better than others — we have communicated those new ways so well that people have accepted them with enthusiasm.

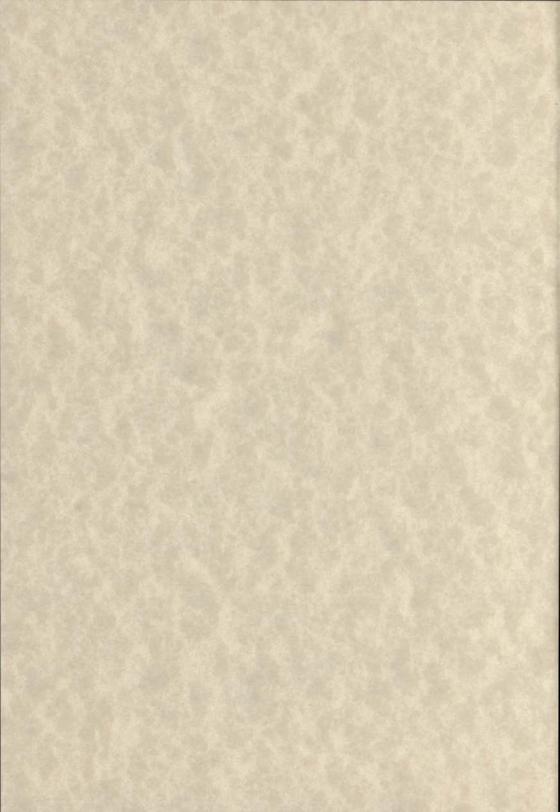
Let me give you an example: the marketing of Windsor. A revolutionary grass of its time . . . ten years in research . . . a real breakthrough in improved Kentucky bluegrasses. Why did it succeed? Because we told people what it could do for them. We told them about the vigorous rhizoming that meant it was denser and stronger and filled in bare spots quicker.



We told them about the care we took in trying to clean everything out of the box except pure Windsor seed, so they wouldn't have weeds growing up along with their new lawns. We didn't just say Windsor was a totally different kind of grass. We told them why.

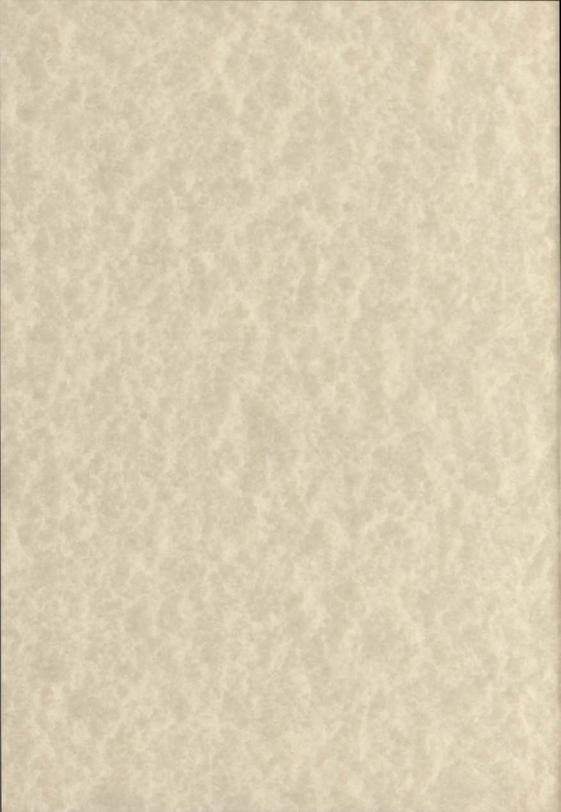
Good communication, I think, has to start with understanding the small things that open up people's minds. Often that opening-up happens because you're telling them something they never understood before. It's almost as if a little revolution goes on in somebody's mind, each time you share knowledge with him. He may not remember every detail you tell him, but he will never forget that you value him enough to educate him to the point where he can evaluate what you can do for him. That is why we continue to devote much of our collective time and energy on activities such as our toll-free Hotline, personalized answers by mail, Weed-Indent service, seasonal LAWN CARE mailings, in-store booklet guides, STI classes, homeowner clinics, and so forth.

There is a terrible risk — let alone a substantial expense — and many companies do not dare or care to get involved. They rely instead on a "me-too" approach, riding the coattails of a more courageous or more foresighted competitor — which means they have given up hopes of leadership. Or they may try to



dazzle their customers with the sheer technological brilliance of breakthrough after breakthrough, without explaining why the customer should care. But many companies with great technological resources have gone broke when somebody less brilliant, but with more understanding of what turns people on, took the great idea and explained it better. You may know the old saying: "A new idea belongs to whoever explains it best."

We fully intend to continue pressing for technological breakthroughs, for innovations, for leadership. But our growth, and our future success as pioneers of ideas, depend on how well we can succeed with the "little revolutions"... the sharing of knowledge that can make a customer out of a prospect, and a client out of a customer. Over the next hundred years, our course will be charted not so much by whether we are first to create something, but whether we are first to make people understand what it can do for them.



# Thinking Cheap

One of the most interesting things about Scotts to me is that people think we are expensive. I say "interesting," but you can probably guess that I also mean "frustrating." You see, when it comes to the cost of our products, I have a bias.

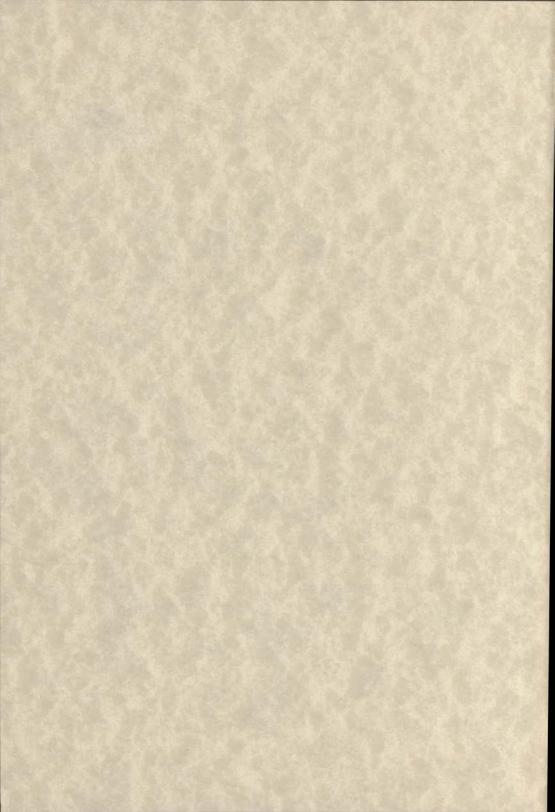
My bias is that I think our products are cheap.

Is that really true? Let me explore it a little with you.

We are a nation of jumpers-to-conclusions, when it comes to things with which we're unfamiliar. If you don't know much about fertilizers and you're in a store looking at them for the first time, unless someone tells you differently you might jump to the conclusion that all fertilizers are alike, and you'd pick the one that costs least. You might eventually regret that decision. But again, you might not, if nobody tells you what another product could have done for you.

The fact of the matter is, price is a very unreliable thing to base a buying decision on. All it really tells you is how much the manufacturer put into the product, and how much the retailer values it. (Or how little.)

Price doesn't tell you how long the product will last,



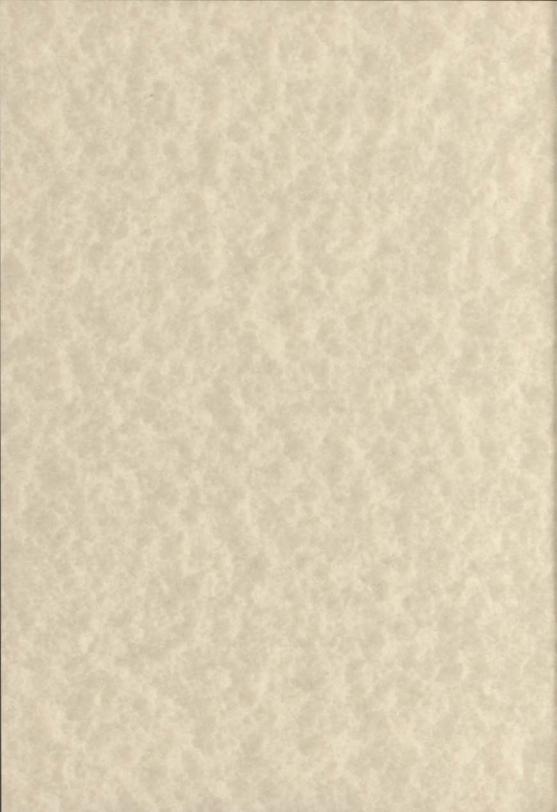
how much trouble it will give you in the meantime, or whether you will have any occasion to be glad you bought it. And that's what you really want to know before you buy, isn't it?

If some genius could invent a cost-per-unit-of-benefit standard with which we could reprice every turf product on the market, you know who'd come out ahead, hands down?

That's what I mean, I think our products are cheap.

There's already a general word for that cost-per-unitof-benefit measure: **VALUE.** They haven't found a way yet to standardize it so you can mark a value rating on a bag or box, which means it's up to us to get the story across to the conclusion-jumpers. This isn't just something that'd be nice to do so people will smile when they see the Scotts name — it's something we **must** do to survive.

When someone is comparing a Scotts product, pound for pound, with a lower-priced product, if we don't tell him something about the added units of benefit we give him, why in the world should we expect him to spend more money with us? If he's a homeowner, he's paying out his own hard-earned cash; if he's a turf superintendent, he's giving us money he could use to hire another worker or to buy a new piece of equipment.



There is no other way to sell value than by education. As I mentioned in an earlier memo, it is only this sharing of knowledge that gives a customer a basis to evaluate what we can do for him... and what our competitors can't do.

A Scotts customer has to understand the relationship between price and value. He has to understand that "cheap" seed that's full of chaff and weeds, that doesn't produce good coverage or healthy turf and costs a minor fortune later in herbicides and overseeding, is pretty expensive in the long run — which makes it outrageously expensive on the value scale. "Cheap" fertilizer that doesn't produce any response, or burns the turf when you accidentally overlap or peters out after stimulating the grass to grow so fast you end up mowing twice as often, can be much more expensive than its original purchase price in frustration, time, and the cost of corrective measures.

My grandfather used to tell me, "Poor people always buy the cheapest shoes. That's why they're always poor." If all you think about is price, that may get you out the door and down the block in your new shoes. But ten thousand steps later, value is what you notice. How much will you really have paid per unit of benefit over the life of those shoes?

I called this memo "Thinking Cheap," and you might suspect I'm saying "don't do it." But I'm not really.



#### SCOTT'S TURF BUILDER

A special grass food of our own preparation with an analysis of 10-6-4, meaning 10 units of Nitrogen, 6 of Phosphoric Acid and 4 of Potash. This formula was selected by leading soil experts as the ideal grass diet. Turf Builder is only half mineral (unlike most of the plant foods enjoying large distribution). The balance is vegetable matter derived from ground soy beans and other legume seeds of suitable Nitrogen content thus insuring both quick and lasting fertilization. Turf Builder contains 2½ times as much Nitrogen as most other lawn fertilizers and may consequently be used much more sparingly.

The slightly higher cost per pound is more than offset by the higher concentration. Application should be made at the rate of 10 pounds per 1000 square feet on an old lawn and at twice the rate when preparing the ground for a new lawn. Further particulars, and a sample if desired, will be



The original Turf Builder. From the 1928 Scott publication, "Bent Lawns."

Everybody's got to think cheap; nobody's got money to waste. What I'm saying is that we've got to communicate what "cheap" really means: the best value, the greatest real savings. If we can get a customer to really think cheap, we will have him thinking Scotts.

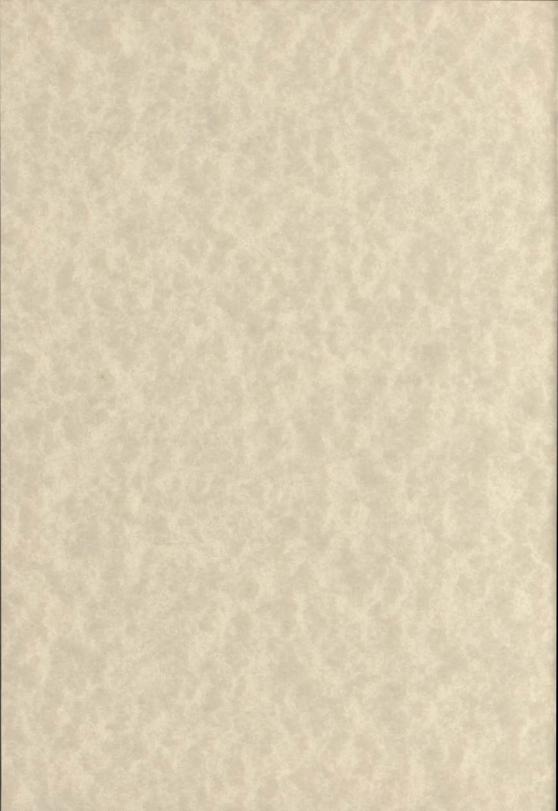


## Price And The Customer

Outsiders and newcomers to our business invariably ask, "Why is Scotts high-priced? Can't you produce products at lower costs?"

Obviously we could. We could use lower-grade ingredients. We could scrimp on research, cut down our testing, limit our new product development. We could scrap our Polyform and Trionized plants and manufacture our fertilizers by simple and inexpensive mechanical mixing, like just about everybody else. We could put our products in plain brown bags. We could even stop telling people about the benefits and results those products offer, by eliminating our educational, advertising and sales support.

But if we took any of those steps, would our value—the cost per unit of benefit—be maintained? Not likely. We would have lost the very essence of what has kept Scotts standing out in the marketplace. Sure, we might enjoy a temporary sales bonanza



with a cheaper product. Our reputation ensures that. But what about later on, as we become just another face in the crowd? What happens when people start saying, "Ho hum, there's no difference in value between Scotts and anybody else, so I'll just buy whatever's on sale at the lowest price?"

On the other hand, I'm not so naive as to believe that a product — regardless of how good it is —can be sold at any price. In a competitive environment, manufacturers have to continually work on balancing the cost of a product's benefits against the lowest possible price they can charge, and still make enough money to keep the business growing. Scotts is no different: We are constantly reevaluating our products' benefits, including all supporting factors. Do they justify what they add to the price of the product? Can they be reduced without significantly impairing end results? Is there a way to provide them more economically?

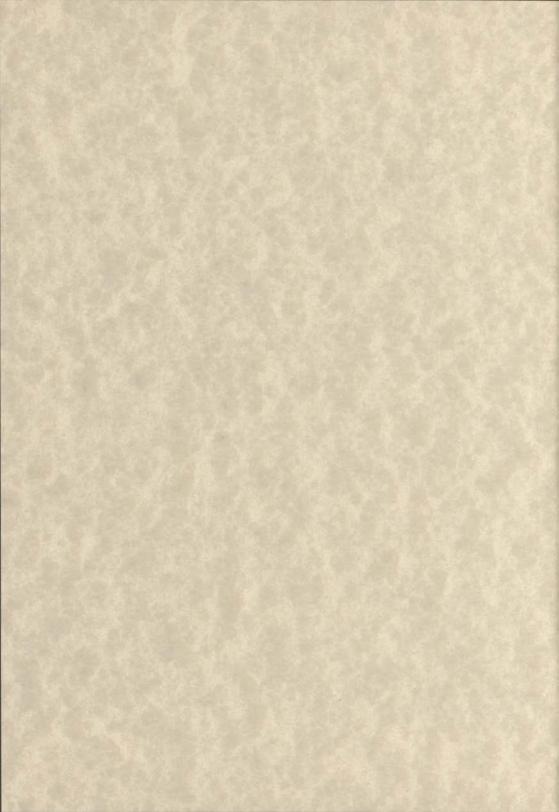
Of course, in the final analysis it's the customer who really determines whether or not the price/value relationship of a product is valid. They have complete freedom of choice, and either they buy or they don't buy. More importantly they either keep on buying, or they switch to something else.

In our case, our leading share-of-market for so many years is powerful evidence that our commitment to



high-quality, high-benefit products supported by helpful communications is regarded as good "value" by our customers. It's a commitment we've had for over one hundred years. It just comes down to giving the customer what he really wants, and what he can't get as well from any other source — regardless of the cost.

And that, I think, is the strength of our position. We know our capability; we know what customers want; and we know what they have come to expect from Scotts. If we continue to do our job right, value, rather than price, will keep our customers trusting us and coming back to us again and again. And that's what will keep us growing.

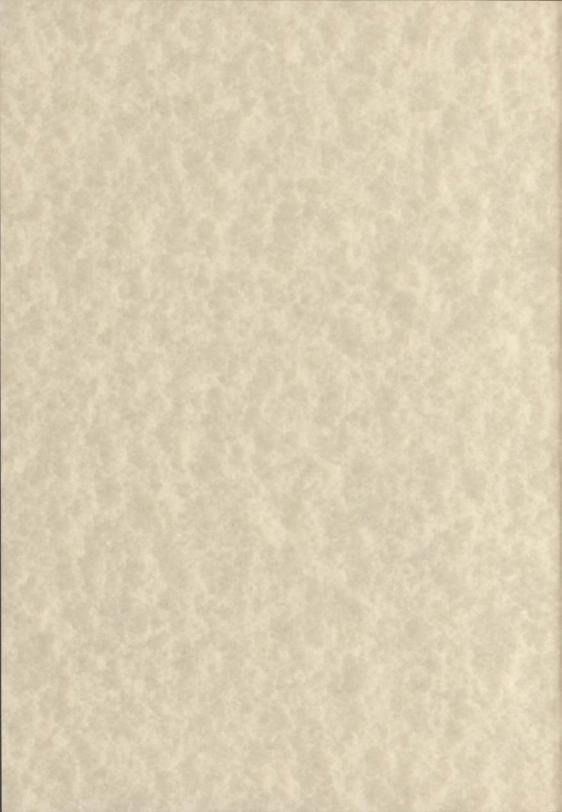


# Heritage

It's impossible to talk about the roots of Scotts without thinking of the four leaders who shaped its first century. That in itself, when you stop to think about it, is a remarkable circumstance: just four leaders in one hundred years. All four were strong, independent individuals with substantially different personalities, styles and talents. Yet they managed to bring a consistency of purpose to Scotts.

O. M. Scott himself, pioneering weed-free seed for farmers back in 1865, established the strengths that are at the heart of this business when he decided that our growth was to be based on a very fundamental principle: providing value to the customer. It was O. M. who made it part of our

business to supply help and information along with a quality product, and to stand behind a guarantee of customer satisfaction.



I think this was a very shrewd but tough decision at that time. With all the turmoil following the end of the Civil War, there were a lot of businessmen out for a fast dollar. Those were the days before seed laws, of course, and many farmers were being victimized by buying cheap, weed-laden seed. O. M. put this company in business for the long haul with his belief that customers will pay for value, and will come back to you if you provide that value consistently.

Dwight Scott, who with his brother Hubert was one of the two "Sons" of the company name, supported that principle 100% when

he took over from O. M. Scott.
Scotts became the quality frontrunner in supplying clean seed
to farmers, and Dwight believed
in communicating it. (As Chid
Mills recalls, "Dwight believed in
surrounding the promotion with high-

quality everything — our stationery was Swan Linen, an all-rag content paper —we used better shipping bags than anyone else —and the literature was top-grade from the beginning.")

Dwight had an enterprising instinct that soon took us out of farm seed into areas with greater potential: he explored the early-1920s golf course boom by sending his young assistant over to Europe to corner the



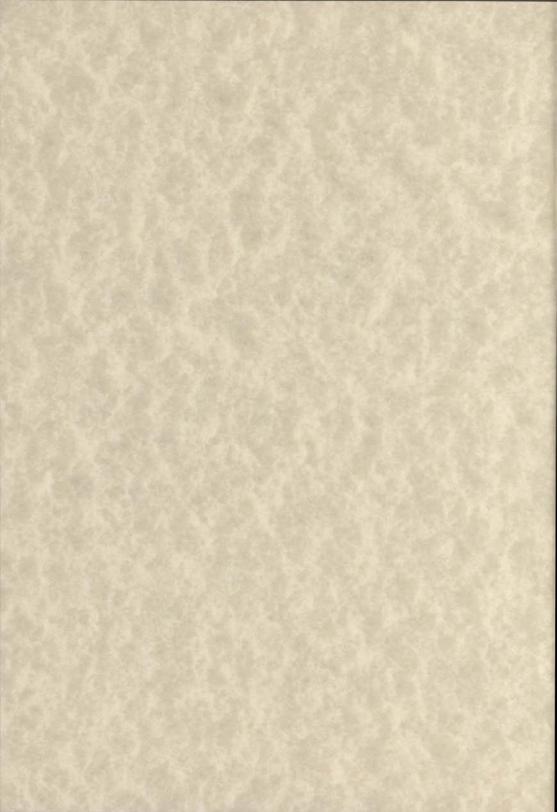
market in German bentgrass, with such success that by 1928 one out of every five golf courses in this country was using weed-free Scotts seed. Perhaps most significantly for our second 50 years, he recognized the growing potential of home lawns, and began to develop the unique products and services that would help us fulfill the homeowner's demand for quality weed-free grass.

During this period, there was a happy marriage between Dwight's foresight and the communications ingenuity of the man who became Scotts' third leader, C. B. "Chid" Mills. In 1910 he started working

with Dwight as a 14-year-old mail sorter at 10¢ an hour. (As a matter of fact, he was the "young assistant" who came back from Europe with five tons of bentgrass seed.) He became a pioneer in direct-mail advertising, and built a mailing list of lawnowners that still lets us

communicate directly with our best customers and prospects. In 1928, he and Dwight created an outstanding vehicle for the "help and information" that they agreed should remain a key part of Scotts — Lawn Care, still going strong after nearly 50 years.

Chid, though retired, is still very much a part of Scotts, and if you have had the good fortune to meet him you can understand immediately why his very



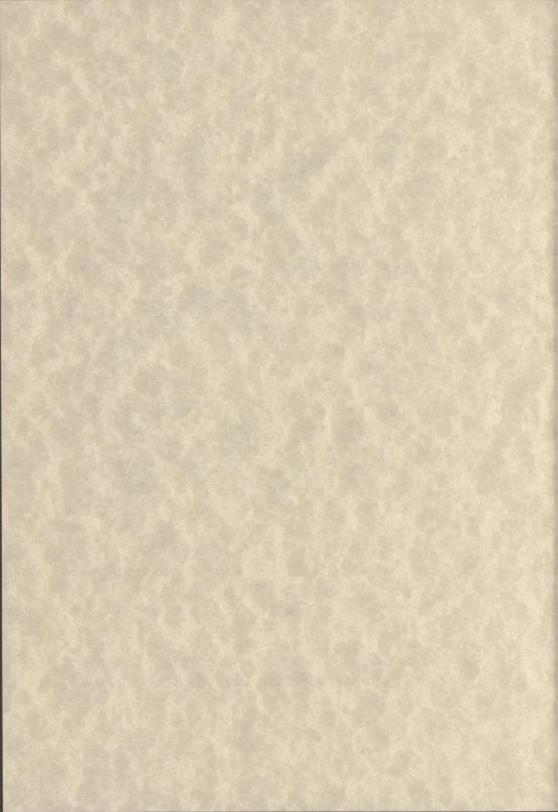
personal, down-to-earth way of communicating has been such as important part of our success. Under his guidance, our principles began to express themselves in words a customer could appreciate and rely on. Scotts' commitment to value became a promise, an emotional contract with a customer.

It was P. C. Williams, another Scotts veteran from the late 1920s on, who took this value commitment a step further and built it into something of national

scope and size. As Scotts' fourth leader, Paul Williams understood that it was our ability to communicate what we could do for our customer that created our success; that in order to grow we had to understand what the customer's needs were and

communicate our solutions in ways that he could comprehend. This is what I define as marketing, and this is an area we were able to capitalize on under Paul's guidance. He took the emotional, direct promise of value and translated it into mass communications, without compromising any of the principles Scotts stands for — an achievement O. M. would be proud of.

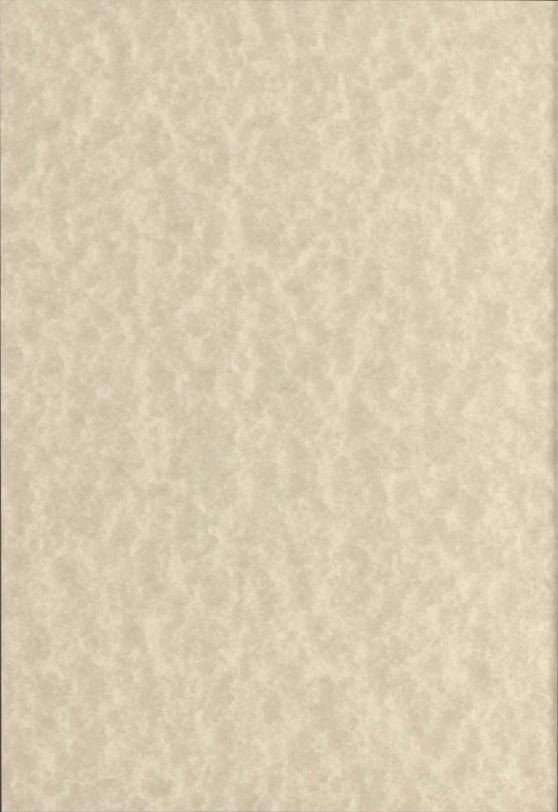
I believe we've been very fortunate in these hundred years. Most companies have new leaders who want



to leave their own stamp on the business, and generally do this with a shift in direction to some new goals or values. At Scotts, we've had a rare kind of leadership — four men who furthered their company's progress by using their individual strengths and abilities to continue and enlarge upon the efforts of their predecessors.

There's a tough-mindedness that shows through in each of these four leaders, which I feel is worth a few minutes' thought. If you've worked with Paul Williams, I don't think you'll argue about his determination and strong opinions. But Chid Mills, and Dwight Scott, and O. M. weren't any less tough as leaders, in spite of their different personalities. That toughness was what gave them their uncompromising attitude toward the heart of our business — providing value to the customer, and communicating that value — no matter what lures there were toward easier but shorter-ranged gains.

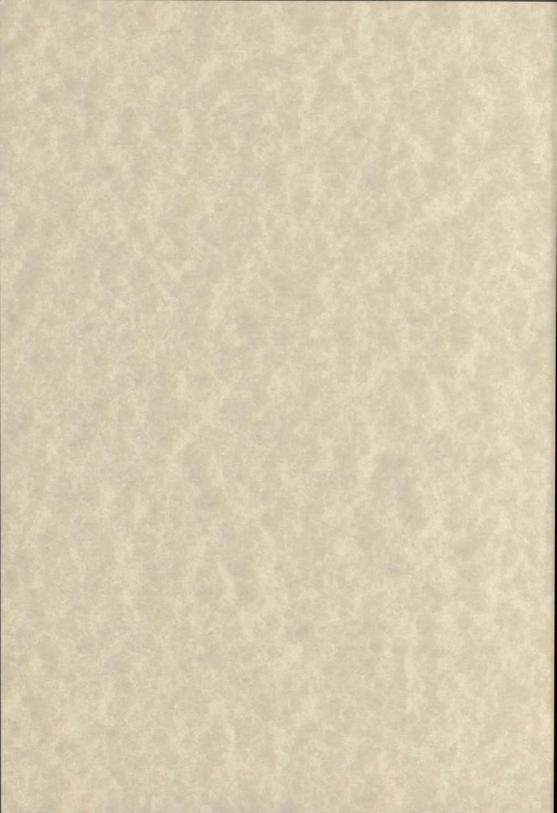
Very few companies can look on that kind of commitment as their heritage, and it's something in which we can all feel a great deal of pride. But we also have to look on it, I think, as something to live up to.



### We Associates

Several years ago the state of Ohio had a campaign going to attract new businesses, under the slogan of "Profit is not a dirty word in Ohio." That line has always intrigued me with its rally-round-the-flag implications,, showing how heated a controversy is raging over the topic of a company's proper business objective. Many times, the inevitable conclusion seems to be that it's "them" versus "us;" either people must be getting a raw deal if the company's making money; or profitability will surely go down the drain if attention is paid to enriching people's work experiences.

I just don't believe in that "either/or" conclusion. I'd go even farther than that: I'd say that for a company to take full advantage of its potential in the human and economic community it belongs to, it **must** be able to combine both concepts: profitability and individual fulfillment. The successful balancing of these two objectives is one of the toughest jobs a



company's leader can have. I consider it one of the biggest on-going challenges I face here at Scotts... but I have a significant advantage to work with — something that makes it possible for us to be both a people-oriented family, and a profit-oriented, \$100-million-plus business enterprise.

That "something" is the fact that Scotts does not really have 1,200 employees. We have 1,200 associates.

What's the difference? To my mind, there's a clear distinction between the two words. An employee can't exist without an employer; right away the potential is there for polarization of viewpoints and of interests, and we're back to the barricades with "us" versus "them." In contrast, there is an equality of value between one "associate" and another, with a strong bond of common purpose linking them. I see that purpose as being the desire to excel and be rewarded for excellence.

Any associate has the right to personal fulfillment, no matter what his position. In this 1,200-strong voluntary family, we've come together for essentially one reason: we want our association with each other to enrich us, develop our potential, give us a sense of accomplishment and the material rewards that go with it. Our motives are frankly selfish... we expect our association with Scotts to bring each of us more



value than we could obtain anywhere else, or on our own.

But a tremendous thing happens when an associate works with other associates toward his own enrichment, development, and accomplishment: he makes it easier for the people he works with to grow, and he makes it possible for the family to succeed. Each thing each one of us does is important to the rest of us and to the total, and each of us is critical to the success of the total.

This kind of interrelationship doesn't happen by edict. It can be supported and nourished by a company's leaders; yet in the end it's not a question of leaders or followers, but of 1,200 individuals who really want to excel, to make the best possible use of the potential each of us has been given. The determination to fulfill our potential is, I believe, the most powerful single resource we can use to trigger our own personal growth and the growth of our company.

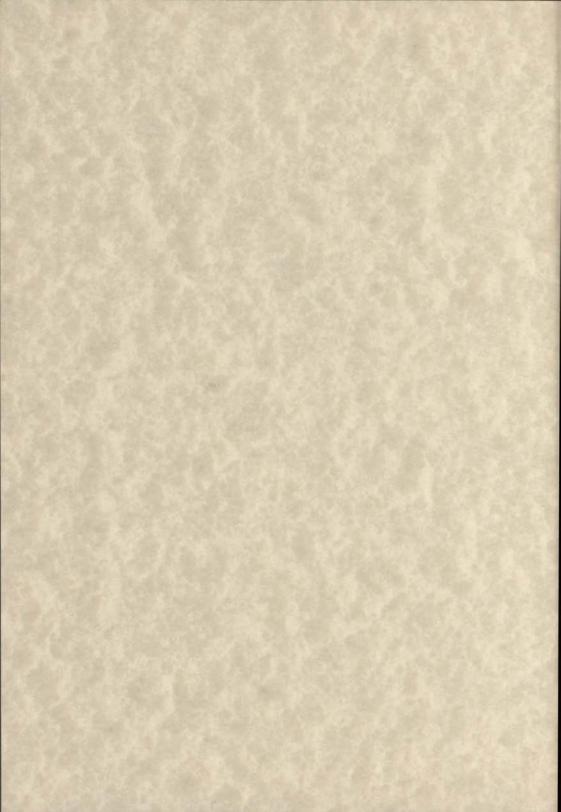
That brings up another question: what about Scotts, the company? Does the "family" have a responsibility toward the associates who are helping it to profit through their efforts? Yes, of course it does: and that responsibility is the counterweight in this finely tuned balance. I'd like to spend a little time exploring this area with you in the next memo.

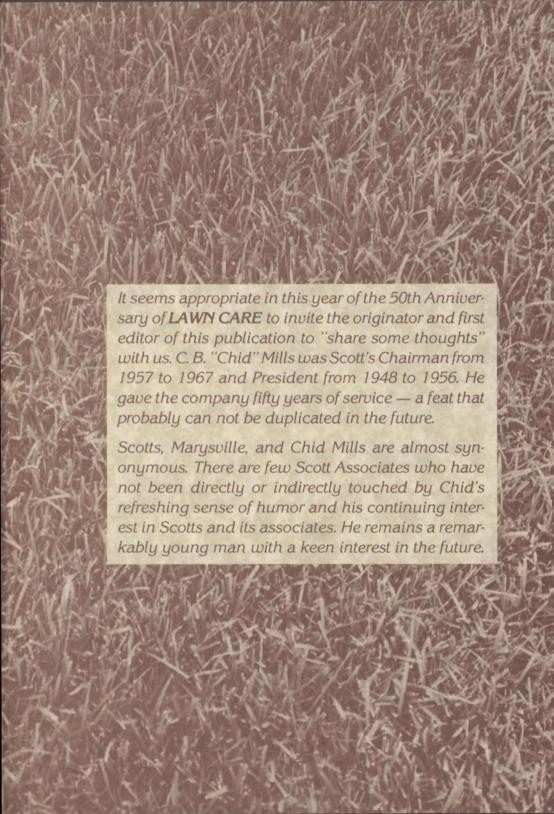
This is a difficult subject to write about . . . one of the



most complex and one of the most important that I want to discuss with you. Books and books have been published on the theory of the individual and the corporation, but it is rare for a company to try to define exactly what it wants that relationship to be in reality.

Quite simply, all I've been saying is that Scotts' associate concept depends on every one of us —that means me, and it means you. You and I gain directly from its success; and by making it succeed, we help the entire Scotts family to take advantage of our full potential. I greatly prefer that team effort to a partisan battlefield where nobody can hear beyond his own war-cry, whether it is "profit" or "people." It's only with profit and people together that we can expect to succeed.





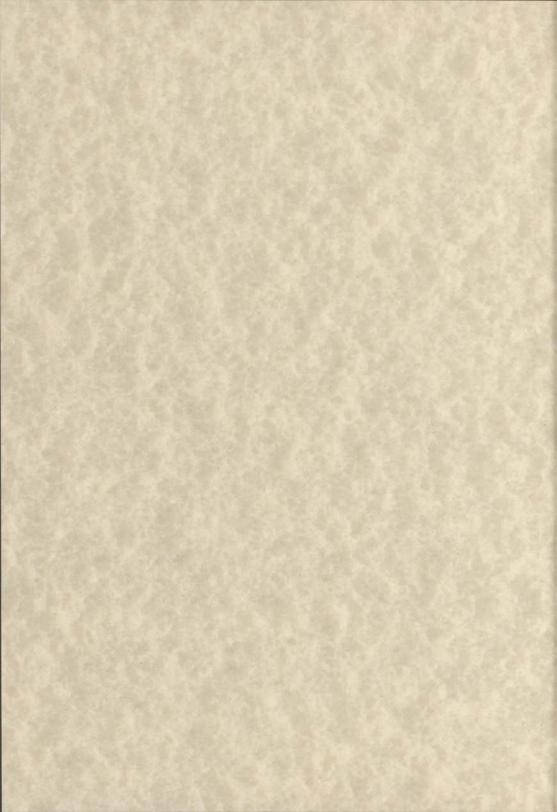


#### Dear Scott Associate:

It must have been in early spring of the year 1910 when I was walking home from the East Building about 3:15. It must have been my freshman year, as a matter of fact, because I was 14, weighed about 85 pounds and consisted mostly of bones, slightly reddish hair and freckles galore. The seed company was not many years old. In fact, I probably walked past it many times to and from school . . . although I often went down Fifth Street if by chance I had an extra dime or nickel to spend for peanuts.

How Dwight happened to be standing in the seed company door at the time I'll never know, because he wasn't one to be standing still at any time. "How would you like to come in and help fold the mail?" he asked.

That was how my 50 years as an active Scott Associate began — with that innocent question. How far Scotts has come since then!



I well remember the days when, if you mentioned "Marysville," people thought only of the Women's Reformatory; when the name "Scotts" meant the Scott Paper Company. We vowed to make Scotts Seed first, and we worked hard to get it there — through good years when everything seemed to be going our way, and the lean times when there was not much that stood between us and our outstanding bank loans but determination. True grit was one of the prerequisites for being an Associate then. And it worked. People now know our company's name from coast to coast, and it means much to me to have had some small part in putting Scotts on the map.

But regardless of my interest in the past, the early days when mice were more prevalent than dollars, my chief concern is for the present and the future. I have no intention of reminding you about the wonders of the past, the early struggles and the endless working hours. We are now in a new age and I like it. That is where I want to be.

What I miss now is knowing personally all of you. I remember when I could call everyone by name. No more. But as long as you are on the Scott Team, we are teammates. I know you're doing your level best to keep Scotts at the head of the procession. And if you will accept a tribute from a fellow Associate who has racked up enough birthdays in this business to be able to unapologetically say it: I'm proud of you... of



your spirit, and of your continuing accomplishments. You are the kind of team Dwight Scott, that man of imagination, would have delighted in.

I wish you all a Very Happy 1978... and I hope that by the start of next year, I'll know all of you better. Meantime, my very warmest regards and May God Bless all of you and all your families during the year ahead.

Sincerely,

C. B. "Chid" Mills



## We Associates

A few days ago I happened to be discussing the ins and outs of Scotts' associate concept with a good friend of mine, and I shared with him the frustrations I was feeling in trying to do justice to this very emotional and complex subject in these memos. My friend, who is the head of a company we do business with, said with frankness, "Yes, it's so much easier just to strike out the word 'employee' and write in 'associate' instead. And so many companies I know just leave it at that."

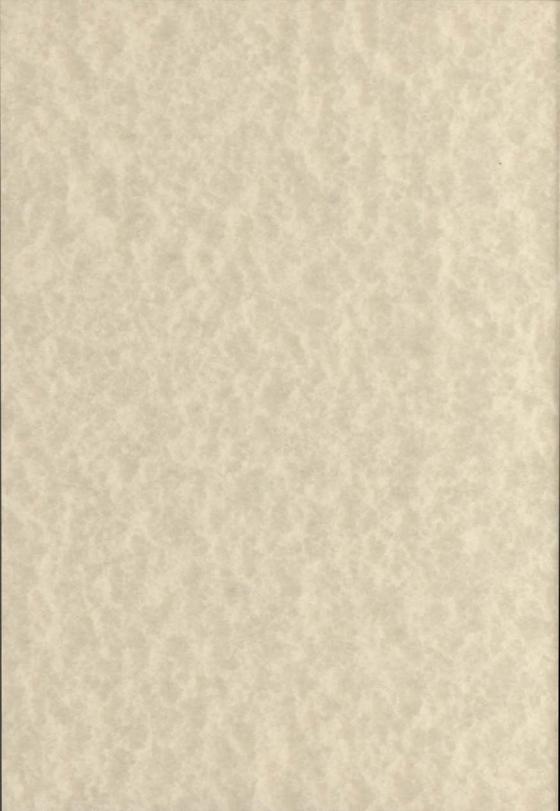
How much easier it would be just to pay lip service to the associate concept. You know, it's much less time-consuming to tell someone exactly what to do than to spend hours encouraging him to take the initiative himself. It's much less bruising to hide in a corner and just "do your job" the same way, day after day, than to struggle to keep doing it better and faster and more proudly. So why are we trying to do it the hard way?



For one thing, the personal rewards are greater. An associate relationship is a two-way street — when you excel at your job you're helping a lot of other people to excel at theirs; when they perform well, they make it easier for you to perform. This interrelationship, or interdependency, is really the spirit of our associate philosophy. And its result is a far greater potential for personal growth and reward than the traditional employer/employee outlook permits.

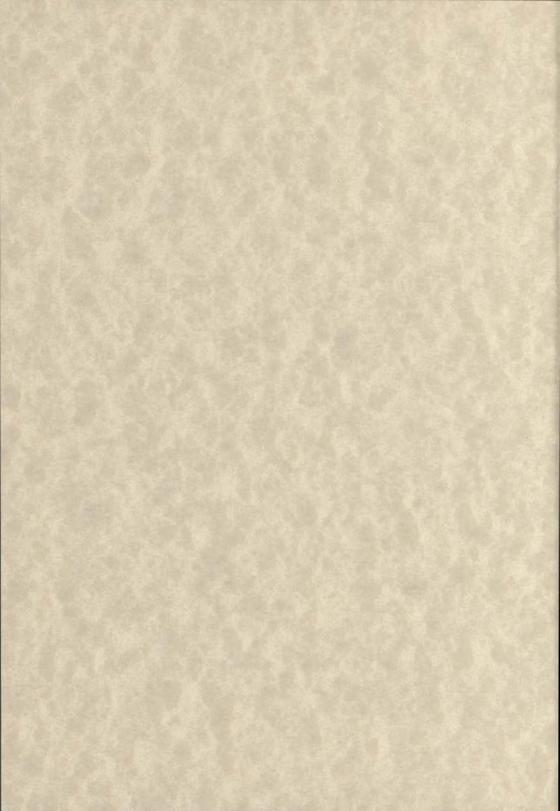
But along with this opportunity to grow comes a greater responsibility. An employee can always say, "Well, I can't help such-and-such; that's not my job." (In fact, the word "employ" simply means "to make use of;" it doesn't really imply any initiative on the part of whomever you've employed.) But an associate can't hide behind that one-way-street sign, because he knows he can help it — and not only that, but he has to help it if he's going to do his job right and give others the opportunity to do theirs. There are no excuses in an associate business, not on any level; I can't hide from my responsibility to my fellow associates any better than you can. Not if I'm serious about the value that I intend to gain for myself out of the association.

The word "associate" is long-standing terminology here at Scotts; and the sense of this company as a family certainly dates back to the days when it was



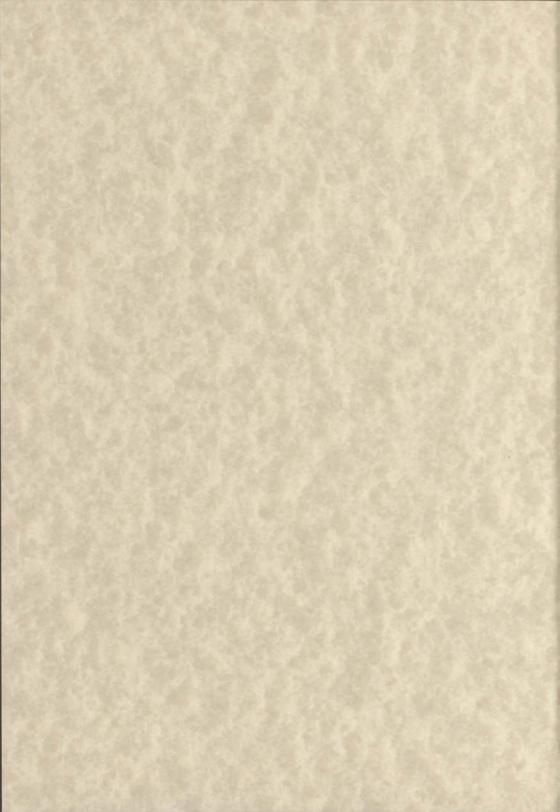
run by a real family: O. M., Dwight, and Hubert Scott. It's the successful combination of these two concepts — the family and the associate — that has allowed us to develop the kind of working environment that people can grow in. Like a family, the company has a responsibility to protect, support, and reward the people who have gathered together to become its "family members"; and those people, the associates, have a reciprocal responsibility to help the family unit as a whole succeed. The result: when the company performs well, its associates should profit; when associates perform well, the company should profit.

These are the counterbalancing responsibilities I mentioned briefly in the last memo. In addition to the tangible elements of fulfillment, there are all the intangibles that are part of providing a satisfying work environment. Determining the right levels of all these variables isn't a very simple job, as you may know, and the irony of it is that there's never a moment when you can step back and brush off your hands and say, "Well, that's that!" — because it's never completed; a company has to keep working at it continuously. We could be the best-paying company in the state of Ohio with the best benefits package there is, but if we didn't have a working environment that let people develop their potential, I'd consider that we had failed our associates. Con-



versely, we could have a terrific working environment, but if our compensation plan didn't reward people for their contributions to the company's growth, we'd have failed just as badly.

So we keep working on it. And in the process, I like to think that we're breathing more life day by day into that word "associate." Like any other term, it can be misused or misinterpreted — but the implications it brings are so significant that you'll rarely see the word "employee" used in this company. Our associate concept is what makes us succeed as a family; it's what produces the creative friction that sparks great ideas; it's what gives each of us the opportunity to grow and to help others grow. And the more each of us lives up to that concept, the farther we will go — as individuals, and as a company.



## Who Is The Real Boss?

#### Who Do You Work For?

If you stood at the door of any of our offices or plants and asked this question of every Scott associate who passed you, I imagine you'd end up with a clipboard full of answers in no time. "I work for John Jones." "I work for Mary Smith." "I work for a division of Scotts." You might even get a fiercely independent "I work for myself!"

Every one of these responses would be true, and yet they're only part of the answer. Because when it comes right down to it, we all work for the same person — OUR BOSS, THE CONSUMER.

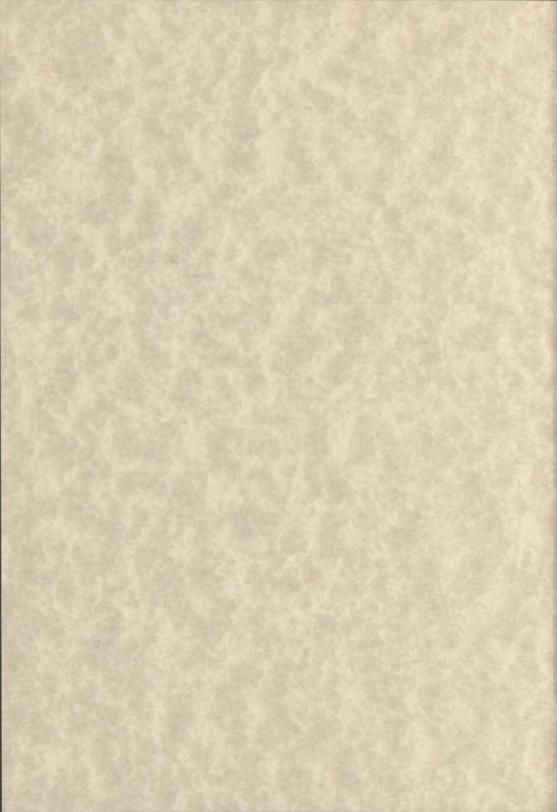
"Sure," you may say, "that's nothing new. I knew that all along." And I agree, you may have known this basic principle for years. However, those of you who have been out on the front lines, so to speak, may have had more opportunity to see how important the consumer really is to our success.



The consumer combines the best elements of a good boss with the worst elements of a bad one. If we do a good job for him, he'll sing our praises to everyone within earshot, which is the kind of acceptance that can mean significantly greater rewards for us. On the other hand, if he thinks we're putting something over on him, or fail to measure up to his expectations, he'll be equally outspoken to all his friends and neighbors about our failings, with the result that everyone in his neighborhood will eventually hear that we betrayed his trust. This can easily shatter the crucial (but often fragile) confidence all those other people were building up in us . . . and next time those "bosses" are about to make a purchase, they'll look someplace else.

Our business depends 100% on whether we establish, sustain, and strengthen our customers' confidence in us. That's why, as you probably know, we place such tremendous importance on consumer communications like **LAWN CARE** —which now reaches close to two million households — STI, PTI, and the Consumer Hot Line.

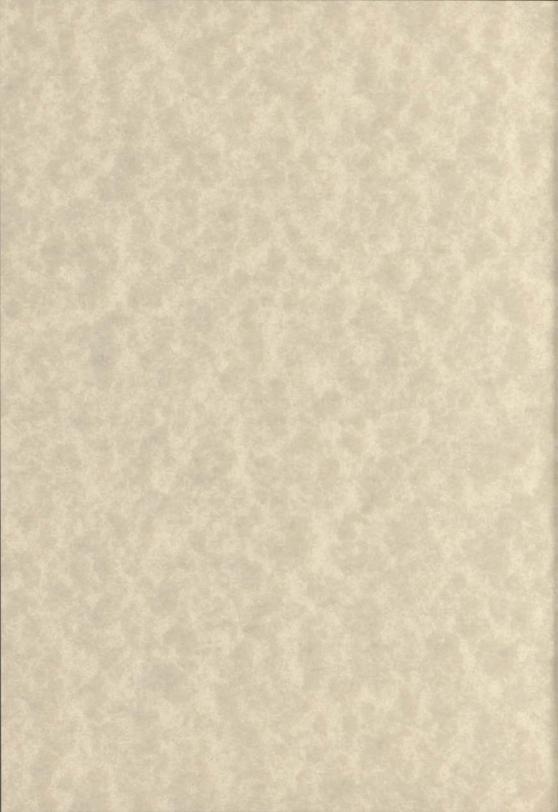
Each associate is a big part of our success in this endeavor. Whether full-time or not — you're a representative of Scotts to the consumer. You may have a dozen or a hundred chances to affect a consumer's decision about Scotts in the course of a year, even if



it's only in the way you answer a telephone inquiry, or in what you say to help out a confused neighbor at the local store's lawn and garden department. In those cases you have a real opportunity by making your boss, the consumer, feel that he made a smart decision in turning to Scotts.

It's hard to go far wrong if we keep our boss's interests at heart. We know the consumer wants our help in achieving green, pleasant surroundings for himself; and if we can do that job well, we should profit from it, as individuals and as a company. In the process, we have essential tasks to perform — controlling costs, meeting forecasts, manufacturing quality products, and so on — but in the final analysis it's still the consumer who'll evaluate how well we're doing at the job he pays us to do. He's the person we've got to please. So in order to keep improving, we need to look at that job not just through our own eyes, but also through the consumer's eyes... not as an end in itself, but as a means to an end.

There's nothing new about this concept of the consumer. In fact, it's really just a matter of getting back to our roots, to the days when everybody in the company — from O. M. Scott on down — dealt with consumers and learned firsthand what they wanted. We've redefined our markets since then and will be making further definitions as time goes on . . . but even in the retail products market, where we have a



two step distribution process, we must recognize that it's the consumer who keeps us in business. As important as he is to us, the retailer himself is only a vehicle to reach the consumer. We can't afford to lose our direct contact with the user, no matter how much we grow. In fact, I'd go so far as to say that if this company ever goes out of business, it will be because we have fallen out of touch with the consumer.

Try to see your job through the consumer's eyes. Remind yourself of what he really wants, and ask yourself how you could best meet his need. Then you may end up with the kind of recognition that three outstanding Scott associates obtained in the following letter from one of our bosses.

George Morris sounds like a man who's happy with our work.



### GEORGE MORRIS

6002 Norwaldo Avenue - Indianapolis, Indiana 46220 August 23, 1977

To the President O.M. Scott & Sons Marysville, Ohio

Dear Sir,

I'm writing to you because I feel certain that you will be interested in my recent experience with your company. In these times when we have come to expect a lack of interest in our problems, I would like to tell the rest of the world -- so feel free to pass this on to your Editor of Lawn Care if you so desire. But "your people" have been so outstandingly kind and considerate to me that I wanted you to know.

I have -- and dearly love -- a Scotts Electric mower which I purchased in 1963. When the motor quit in midsummer, I tried unsuccessfully to have it tepaired here in Indianapolis and was told that the motor was a complex, custom-made -- and extremely difficult to repair. So, in desperation, I called your "hot-line" and a well-informed man told me that the mower had not been made since 1962 and that very few parts were still available -- but he gave me the name of Mr. Simpson to call in your "Mechanical Service" section, as an authority on what is still available. And authority he was -- and sent me one of the last replacement motors -- and at a price which had to be from the 1962 list! And sent on open account by UPS the same day! called. So that would have made an impressive story if it had stopped there, but that was the easy part.

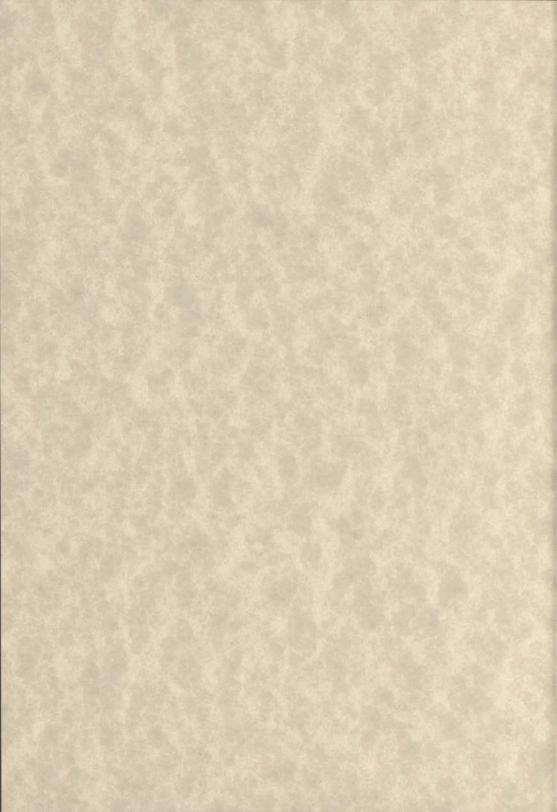
A few weeks later I had installed the motor but had nearly destroyed the flange that holds the blade, so could only operate with difficulty. So... another call to Mr. Simpson who had no spare flanges, but whose Supervisor offered to have your machine shop make the part for me -- for \$5.001

I was overwhitemed, but accepted and received within a week the new part. So my fifteen year old mower is once again purring happily and I am a dedicated Scotts booster forevermore.

Sorry I've been so wordy, but I thought you'd like to know. To me, this was your typical story of a small-town treatment of a noighbor around the turn of the century. When I tell my friends about it, I'm certain that they think I'm stretching the truth -- people just don't do that!

Most sincerely,

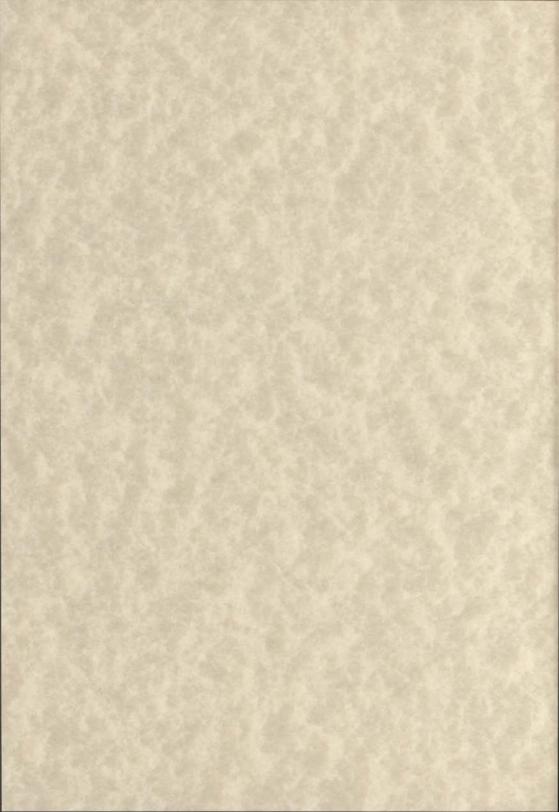
George Maries



## Lawn Care

The first issue appeared exactly 50 years ago, on the brink of one of the turning points in this company's history. Dwight Scott and Chid Mills had just made the decision to expand out of the golf course market and start selling grass seed to homeowners. A courageous move, considering that we had a substantial but still expandable 20% share of the golf course seed market at that time, and we didn't know much of anything about consumers. What was even more intimidating was the fact that the consumer didn't know much of anything about grass seed, either.

The genius of these two men, I think, was that they realized the issue at stake wasn't really selling grass seed. The consumer didn't — and doesn't — really want grass seed, or fertilizer, or a control product; what he wants is a lawn. You know, Dwight and Chid could have developed a direct-mail bulletin back then and called it "Principles of Growing Grass" or "Everything You Always Wanted to Know About Grass Seed Germination . . ." instead, they called it

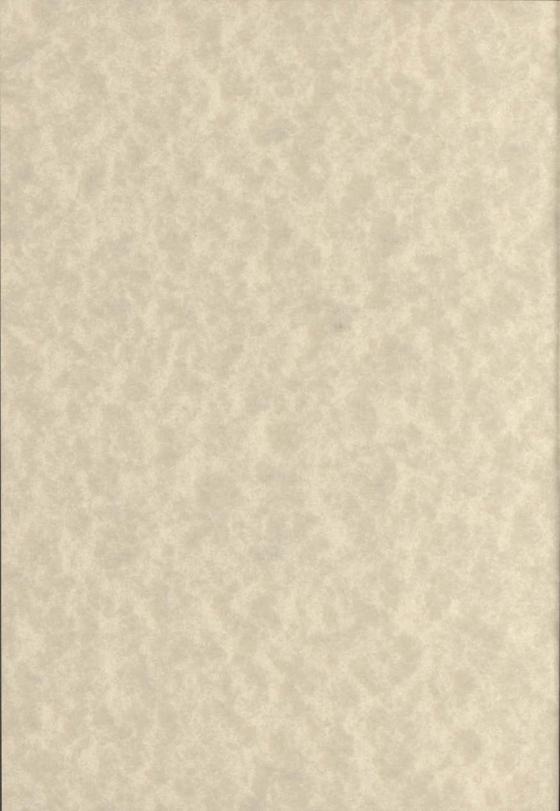


LAWN CARE. And I believe that was brilliant. With those two words, they defined this company's business not in terms of products, but in terms of results. They recognized the basic human need for greenery and beauty that is our tie to nature; they appealed to it in words and later pictures; and they explained how Scotts could help fulfill it.

The marketplace has changed in these 50 years, as a result of our efforts. We've educated people to understand that a lawn is something they can create for themselves; we've removed a lot of the "golf course mystique" that surrounded growing healthy grass, and people don't take it for granted any more that they're stuck with whatever scraggly or balding ground cover they may have inherited or caused through error or neglect.

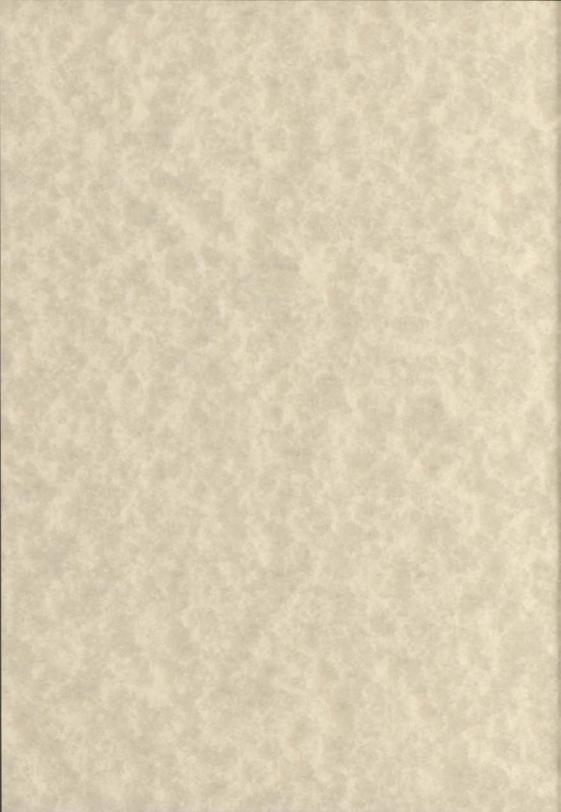
It's a measure of our success at this task that so many other companies have joined us in the market we created, to the point where the consumer now has many dozens of different products to choose from. But as we've been saying, it's not really the products he's interested in; it's how to turn them into a lawn. What should he buy, when should he use it, how should he use it, what results can he expect? How can he realize this basic human dream to find his roots in nature?

This is the job that LAWN CARE set for itself, back in



1928. As I look at the other areas we've become involved in since then... helping people grow flowers, vegetables, foliage plants, shrubs (and yes, helping golf course superintendents and other turf managers to grow better grass so we can refresh ourselves in recreation)... I see the evolution of a company that in the midst of change has remained true to its fundamentals. Now we have STI and PTI, handbooks and manuals, informative advertising, selling aids, and other customer publications. Our salespeople would be the first to tell you that that's what makes them so powerful; that's what has built the customer base that supports us now.

We'll certainly be faced with critical turning points again during the next half-century, but as our evolution continues, as our product mix shifts to meet new needs and our services change accordingly, the axis that Scotts moves on can't change if we're to maintain our momentum: we must always make it a vital part of our business to keep explaining to our customers what we can do for them. The spirit that conceived of LAWN CARE, brought it to life, and committed the energy and resources to make it flourish, is what I consider to be the extraordinary and fundamental spirit of Scotts.



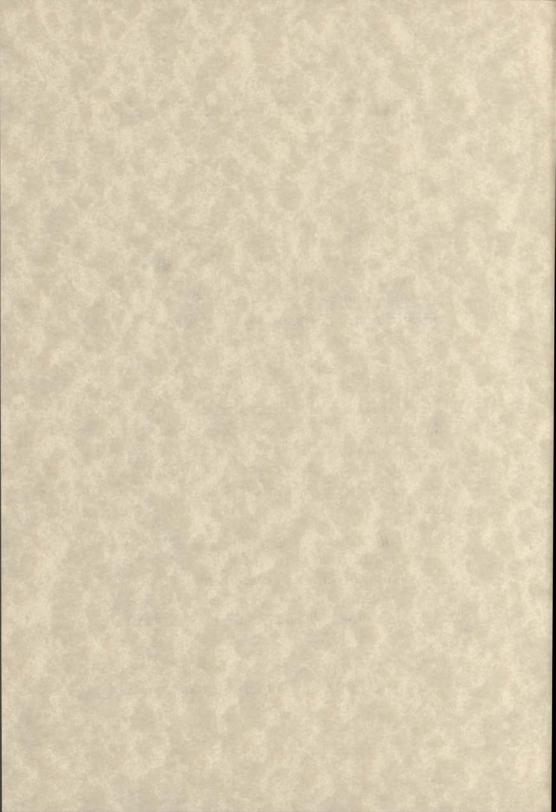
# Satisfaction Guaranteed

I've heard it said that nothing baffles man as much as straight talk and plain dealing. When it comes to something unfamiliar, we are all as suspicious as a pack of sea lawyers, trying to x-ray every angle to figure out what the "catch" is.

In the case of Scotts, I'd modify that original comment to say that few things seem to baffle man as much as the "No-Quibble Guarantee." Yet of all the thousands of words we generate each year in explaining about ourselves and our products, I believe the two sentences of this guarantee tell our customers more about Scotts than nearly anything else we can say.

"If for any reason you are not satisfied with results after using this product, you are entitled to your money back. Simply send us evidence of purchase and we will mail you a refund check promptly."

A very plain and simple statement, wouldn't you agree? It doesn't leave much room for misinterpreta



tion or legal hairsplitting — what it means is "if this product doesn't do what you wanted it to, we'll give you your money back." You'll note that what we're actually guaranteeing is not the product, but the customer's satisfaction. And satisfaction, of course, is purely in the eye of the beholder; there's no way a researcher, or a lawyer, or anybody else can predict in advance how high a customer's satisfaction threshold is.

This approach doesn't baffle our customers; it makes immediate sense to them. But it sure puzzles a lot of other people, especially outsiders to Scotts. They want to know: how can we possibly afford to make that promise; won't we lose our shirts?

We make that promise for two reasons. One, because we believe our products will work, and we want our customers to have confidence in them when they buy. They have to buy on confidence, because we deal essentially in a phantom product. They just can't kick our tires or take us out for a test drive before putting their money down on the counter.

There's another side to that same point. Before we can market a product with this strong a guarantee, we, at Scotts, are forced to make sure we can have a good deal of confidence in it ourselves. This is a horrendous management discipline... we can never afford to rush a product to market half-tested or badly

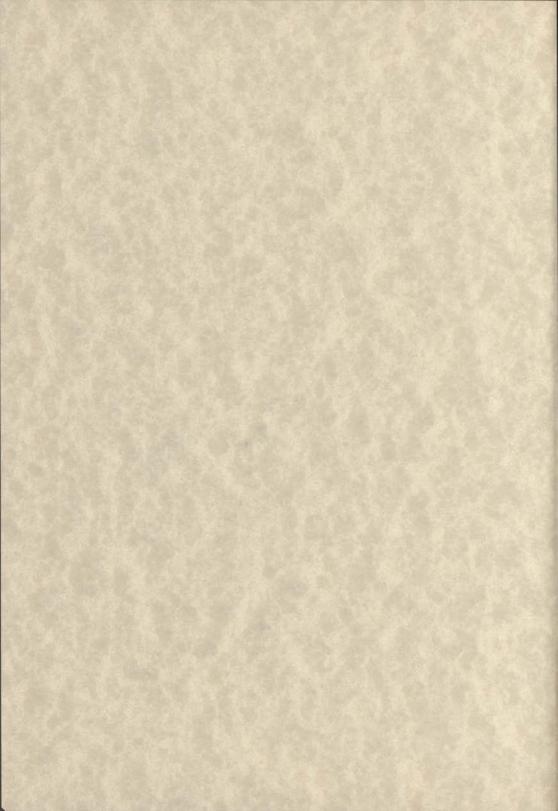


researched, no matter how anxiously we think our customers are waiting for it.

In addition to wanting to communicate our own confidence about our products, we have a second reason for making this promise to our customers; to let them know that we have faith in **them.** We're being as open with them as a company can be . . . and I believe that with this guarantee, we make it pretty clear that we basically trust them. What we're saying is in effect "we want you to have a nice lawn; we want it so badly that we're willing to put our faith in you on the line."

People usually fulfill the expectation you have of them, and our customers are very slow to abuse that trust. Our refunds generally run at a very low percent of sales, year after year . . . and even at that, it's not unheard-of for us to receive a personal check in the mail from one of our refundee customers, with a note saying his complaint was premature and his Scotts products are indeed working as they were supposed to.

All in all, I suspect that we run a lower risk in talking about our guarantee than if we kept quiet about it. When we are this straightforward with a customer about our confidence in our products and our faith in his honesty, his first inclination if something goes wrong on his lawn is to wonder whether it wasn't his

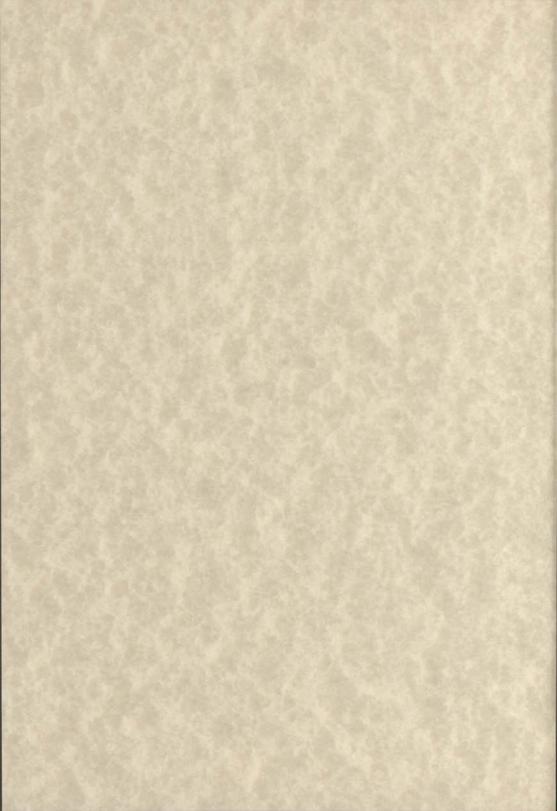


fault rather than ours. If we hadn't made him aware of our guarantee, he'd have little basis for gauging our reliability and integrity as a manufacturer... and I tend to think he'd be much more inflexible in demanding his money back.

This simple concept of a promise between us and our customers is one of the things about Scotts that outsiders find most difficult to understand. We guarantee something that we have no control over — satisfaction. But we do everything we can to make that satisfaction possible... and because we guarantee it, we end up creating some control over it.

With the "No-Quibble Guarantee," we try to remove as many barriers as possible between us and the customer. In fact, the only condition we place on a customer taking advantage of it is that he send us some proof of purchase — and that's primarily so we know how much money to refund to him. We don't want any customer of ours to suffer a loss as a result of having trusted us; ideally, we'd like to restore things to a point a little on the plus side, so he has some encouragement to try us again.

In this process, we're strengthening a bond of trust and confidence between ourselves and our customers. That, rather than the dollars and cents that are refunded, is the bottom line on our guarantee. And that's what really makes it something of value.

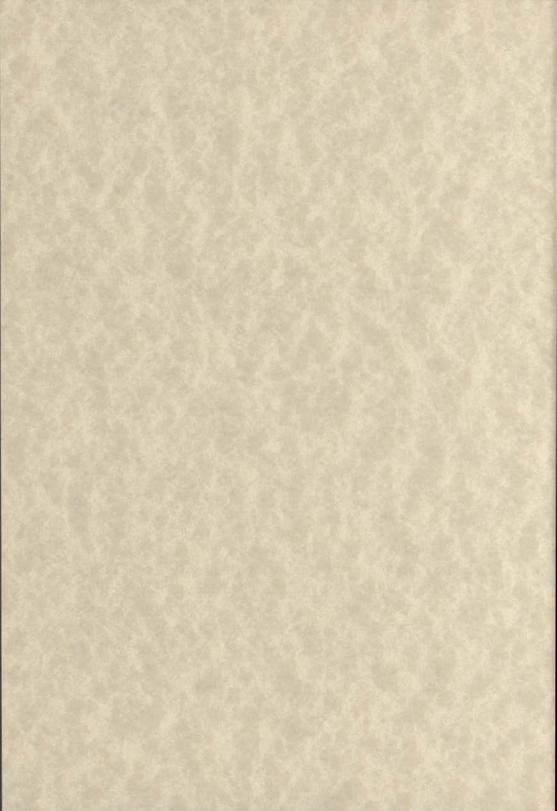


# Change

So far these thoughts have attempted to deal with Scotts' heritage of fundamental and enduring values — "principles" might be another word. As a group, they're sort of a North Star of the conscience, something that doesn't change, something we can take our bearings from to make sure we're tracking on course. Not everyone will agree with all of these values, but they're a basic part of Scotts today, and will be an important part of our future.

Does this mean we'll stay exactly as we are for the rest of our existence? I fervently hope not... because if we do, that existence will probably be short and relatively unhappy.

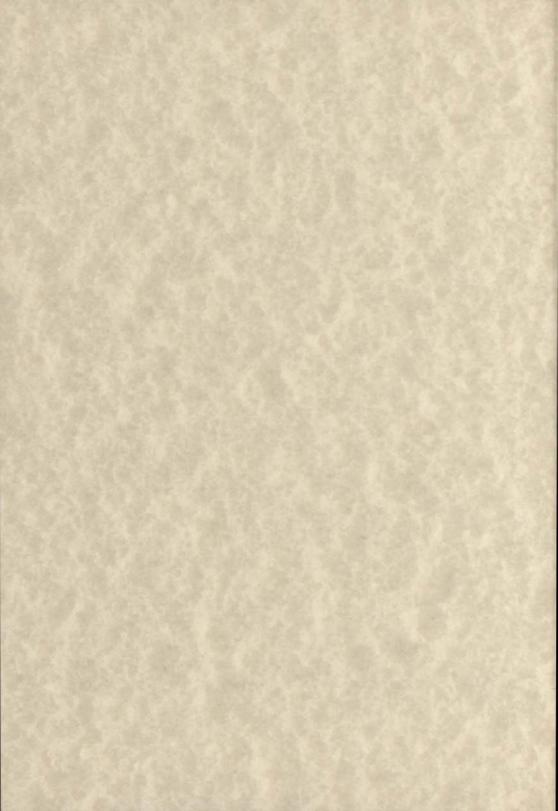
The need and the urgency for change is part of the fabric of every company. Whether we like it or not, everything around us is changing: our customers' habits and attitudes change, the economy changes, the climate changes, we ourselves change as individuals. As a living organism, Scotts must adapt to new conditions to survive, or — like the dinosaurs —we'll be left behind by evolution.



The most crucial part of change, it seems to me, is making sure that none of our fundamental values are lost in the transition. They are the constants that must not vary; if we're considering a shift in course to take advantage of more favorable conditions, it's our values that should tell us how helpful that shift would be in terms of where we really want to go.

It concerns me that there's somewhat of a feeling these days that you have to feed people Pablum about the future, because they will resist or ignore change. And it's true, some of us do see change — any change — as bad. Nobody likes agony, and all change carries with it some agony. But I believe most people will respond to change if they can see the benefit, even if it means some initial difficulty or hardship. People do respond to challenge when it means a real opportunity to grow and to prosper... and our fundamental values can help us determine in advance just how much opportunity we can expect any change to provide.

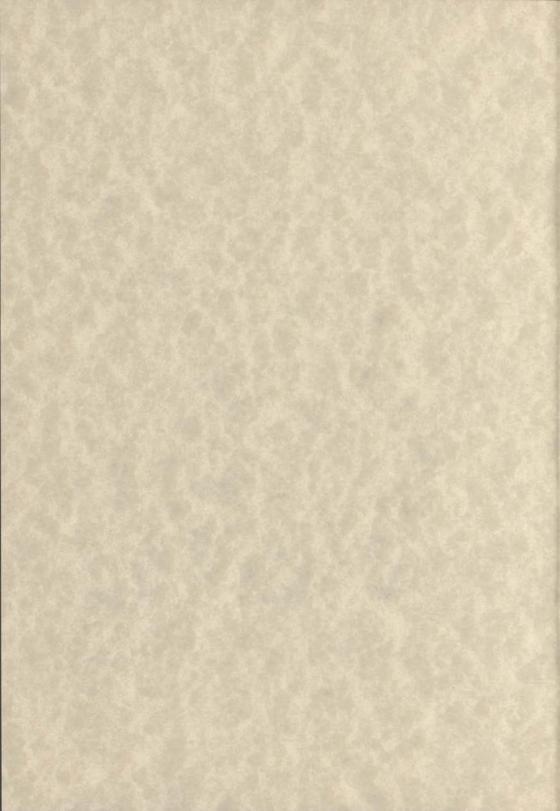
In fact, sometimes the yardstick of our values is the only way to estimate how much a potential change could benefit us. By and large, we're a young group here at Scotts; most associates haven't worked for many other companies, and don't have a lot of prior experience to draw from in evaluating the potential results of a change. We all have opinions on changes



we'd like to see in the company — associate relationship, for instance — but how many of us have worked with a company that didn't give a darn about its employees? Many of us have strong opinions about the competitiveness of our product quality standards and our prices — but how many of us have experienced the frustrating job of selling "metoo" products when you're just another face in the crowd? Oftentimes, it seems we can only appreciate the good when we've had to struggle through the bad to get there.



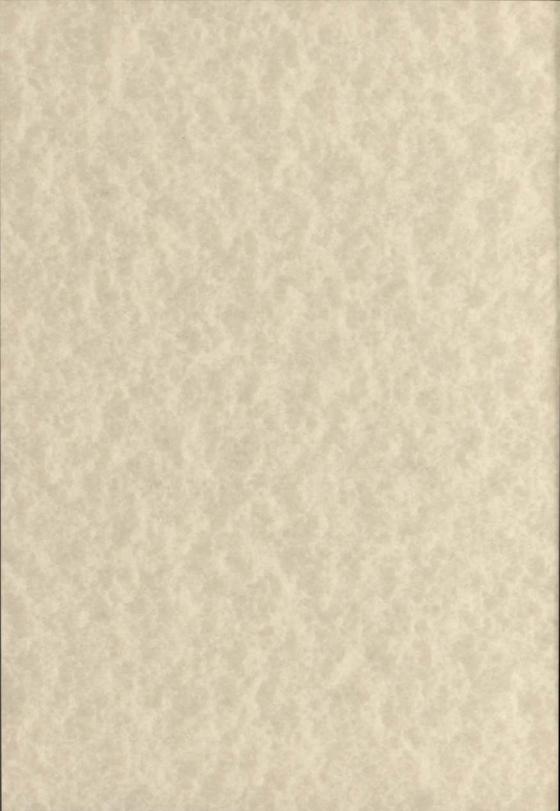
O. M. Scott office at 6th and Plum Sts., June 1936



Our principles can save us a lot of unnecessary agony, because they remind us what we're in business for: to help fulfill people's need for natural greenery; to provide a superior value; to inform our customers so they can better evaluate our capability; to act as true associates in an enterprise. We've spent over a hundred years exploring and verifying these fundamentals, but essentially they've stayed the same — while Scotts itself has evolved from a family store selling farm seed, to an international company marketing everything from little packages of fertilizer to big broadcast spreaders that weigh nearly a quarter of a ton. That's real change, and there'll be more of it in the future. I have no doubt about that.

The law of change, in fact, is a fundamental value all by itself. If it were written down, it would probably be something like "Change when it's necessary to protect your principles . . . but don't change your principles."

Sounds easy? You can guess how difficult a process it really is. But it's one which I hope we never stop going through, no matter what the agony — because once that happens, we're adrift.



#### Trust

"It's a company you can trust."

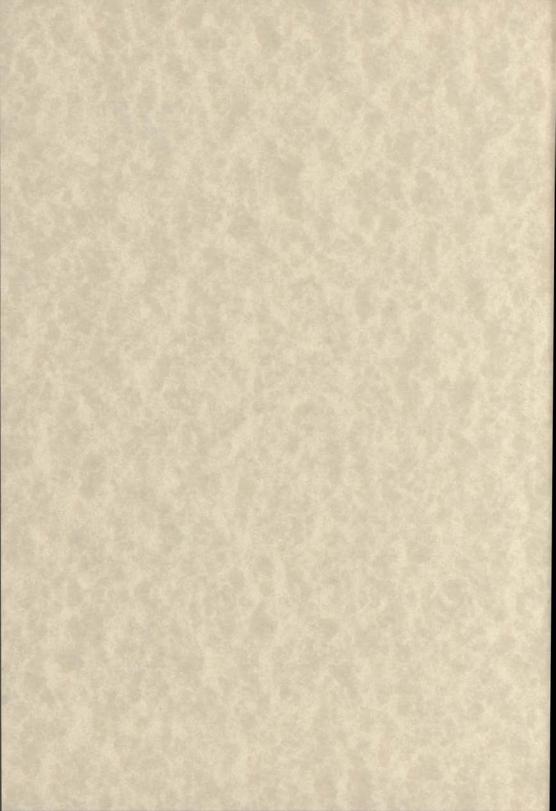
"Well, they have integrity."

"Everybody I know has always had luck with Scotts products; it's a reputable company."

Time and time again, as we ask consumers what they think about Scotts products without revealing our own identity as the questioners, we hear answers like these... answers which reveal a consumer trust that most companies would give their eyeteeth to possess.

Our business, as these comments suggest, is more than just a transaction in which the consumer exchanges dollars for our product. It's a business in which there are really three elements combining to make that sale:

First, the personal involvement of the purchaser. We don't offer him instant results with a snap of the fingers; we require him to share part of the effort, so that he'll be part of



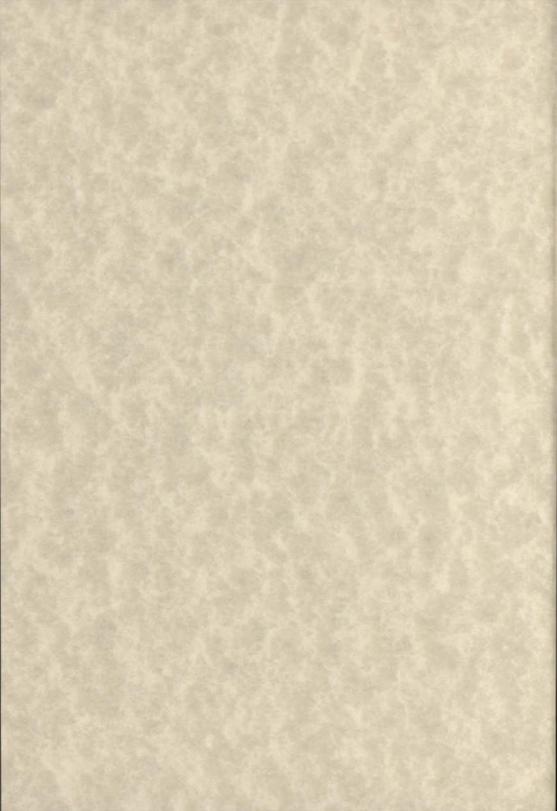
the success. Whether he calls it "luck" or good judgment, his success becomes a personal achievement. And that, I believe, helps bring him back to Scotts.

Second, the information and knowledge we share with the consumer. This is an important part of what we provide to help guarantee success. Without it, the best-intentioned consumer and the most carefully researched product could just be a recipe for disaster.

Third, of course, is the quality of the product itself. At times we're tempted, as every company is, to lower our quality standards by whatever degree is necessary in order to hold the line on consumer prices. Would consumers notice it if we did reduce quality? Eventually — but inevitably — yes, they would. And while they might or might not still trust the product, inevitably they would trust Scotts less.

As the consumer quotes above indicate, our market research reveals that Scotts is relatively unique in the consumer goods industry, in that consumers trust us as a company. Generally speaking, it's far more common for consumers to trust a product than its manufacturer.

Trust is generated by the three elements I mentioned earlier — personal involvement of the purchaser, a sharing of knowledge, and a quality product — bonded together by our two-way relationship with

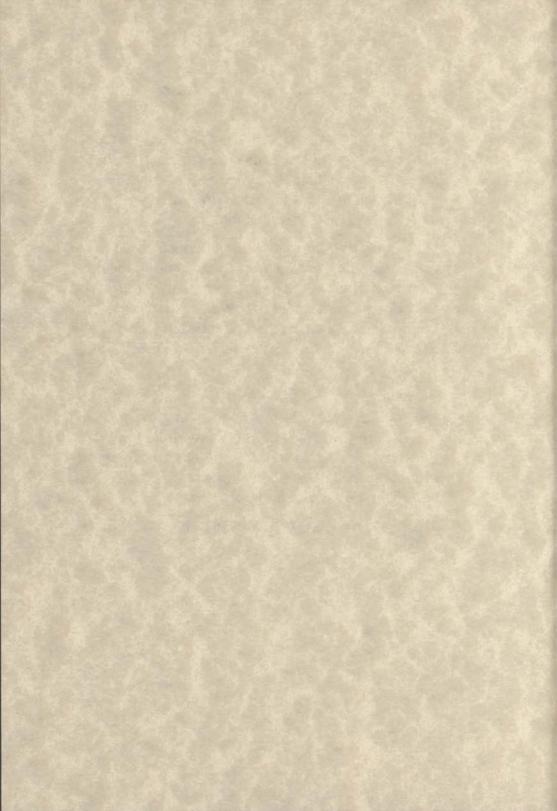


the consumer. We ask him to share his experiences with us, we try to solve his problems, and if all else fails, he knows he can come to us and we'll stand behind our products with a refund. We are involved with him, as he is involved with us.

Our marketing success thus far involves all these elements; as we look at new opportunities, we must remember that these are our strengths. If we try to go in a direction that doesn't utilize them, we're in a foreign land where we can't derive any benefit from the strengths and skills we have developed.

It's hard to put a price tag on the value of consumer trust to today's and tomorrow's business. It's a priceless ingredient, worth more to us than anything we could buy. Once we begin to take away from it... once we begin to lose the consumer's trust by skimping on the quality of our response to him... we risk losing the greatest part of our success.

Trust can't be bought. It can only be built, bit by bit, by all of us.



# The Value of Excellence

As hard as we may struggle to fully serve lawnowners, there's always a temptation to take shortcuts. What good does it really do, we ask ourselves, to maintain standards which seem far higher than those around us?

John P. Bahr, a customer of ours in Florissant, Missouri, answers that question in the following letter—perhaps better than any of us could. I think you'll find it interesting—and I hope you'll find it inspiring.

Be sure to read the last paragraph, just above his signature. **There** is the value of excellence.



Dear Mr. Sweet.

I received your questionnaire and copy of "Success with annual flowers" in the mail today. Accompanying this letter is the completed questionnaire, and I'd like to take this opportunity to tell you about the success I've had with the excellent products manufactured by U. M. Scott.

We have owned our present home for two years. The lawn was more dirt and weeds than grass that first spring. I decided to give Scotts products a try on the recommendation of my brother-in-law. It seemed easier than starting all over.

The results to date have been little short of phenomenal. I now have grass where I thought even weeds could not survive. The first several applications were done with Turf Builder Plus Two. The dandelions disappeared in just a few days. Astonishing! This past spring I counted four dandelions in the entire front lawn. The grass is now thicker, greener and healthier than I would ever have thought possible. The last two applications in fall were done with Turf Builder alone. I am eagerly awaiting spring to see what improvements the lawn will show this year.

Am I sold on Scotts' products? I wouldn't use anything but Scotts. My father allowed me to treat his lawn last year after seeing the results I achieved. He noticed a difference in his lawn within a month. Most notably, he had to cut it more often. I don't know if he appreciates that, but the grass is now thicker and greener.

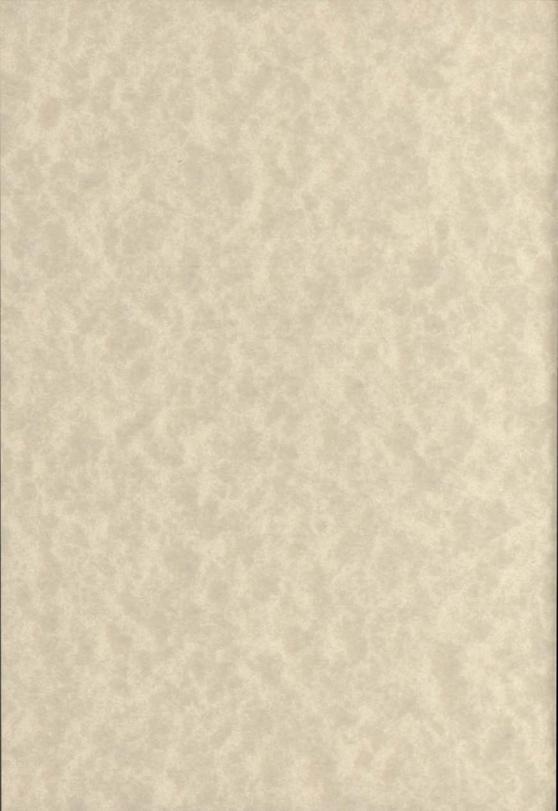
Not only does Scotts offer the finest lawn care products on the market, but you show a genuine concern for the people who buy your products. I know of no other company which offers the money back guarantee Scotts does. The toll free number to call with lawn problems, the offer to evaluate any lawn samples sent to your offices, the Lawn Care magazine and the network of Lawn Care Professionals are all unique to the industry. Scotts is a customer service company. The interest in the customer goes beyond selling him a bag of fertilizer. That is a most refreshing attitude to encounter in this day.

I look forward to receiving your recommendations by return mail. Just tell me what product(s) to put in my Scotts Spreader this spring and summer to achieve the results indicated on the questionnaire.

If anyone at Scotts has ever wondered if the extra efforts Scotts' people put forth are worth it, tell them yes. I'm a customer for life - - - because Scotts cares.

Sincerely Bring

P. S. Just a closing note about the local lawn care professional. He's the owner of Handy Man Hardware here in Florissant. He answered my questions when no one else could or would. Next time Scotts' representative is through this area, tell him to pat the "pro" on the back. He knows his stuff.

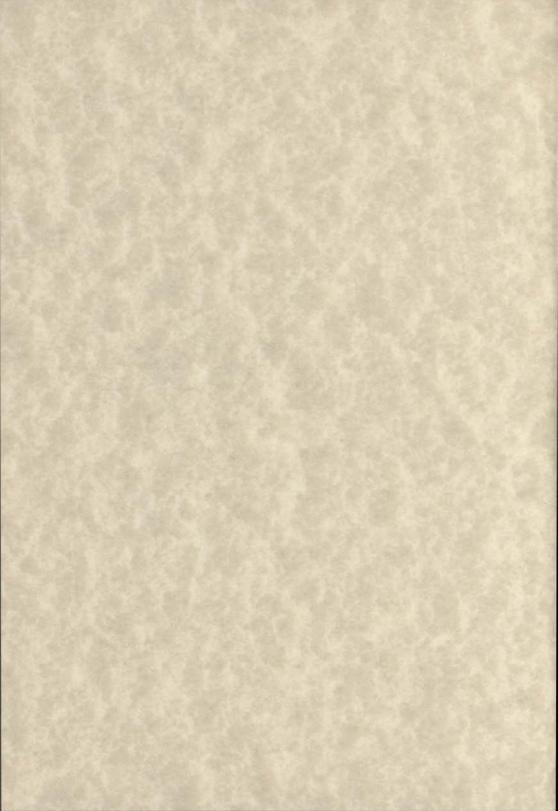


## Involvement

There is a tremendous emphasis in society today on convenience. Many of us buy "convenience foods," shop in conveniently located multi-store shopping centers, and even arrange our working hours, with flextime, to suit our convenience.

Products that promise greater convenience are hard to quarrel with, because they seem to solve a problem: the finite limitations of time. If consumers can achieve their desired result and spend fewer hours in the effort, none of us would deny them that benefit—in fact, we'd probably be next in line ourselves to buy the product.

You can see how the logical extension of that thought, for a shrewd marketer, is to try to totally eliminate the consumer's time-investment in the effort. But here is where some companies run into trouble.



You may remember that a few years ago one of the major multifood corporations brought out a revolutionary new cake mix. It was almost totally self-contained: no longer did the consumer have to add eggs or milk or anything else — just water. By cutting down on the **involvement** required of the user, the company was able to promise great convenience in preparation time.

The product was a terrible bomb. Consumers didn't want that much of the preparation done for them. The result just wasn't "their" cake, because they hadn't been allowed to contribute enough to its creation. The company, recognizing its mistake, backed up a few steps and changed its formulations to allow consumers to mix in the eggs and milk again.

In some businesses, there is just no substitute for the **personal involvement** of the consumer. Ours is such a business.

As hard as we may work to make our products more convenient — through innovations which decrease weight and bulk, increase ease of handling, and minimize the time required to see results — we should never forget that if we totally eliminate the consumer's involvement, we eliminate much of the pride and pleasure that comes from being surrounded by green and growing things.

The consumer is a variable — and is well aware of

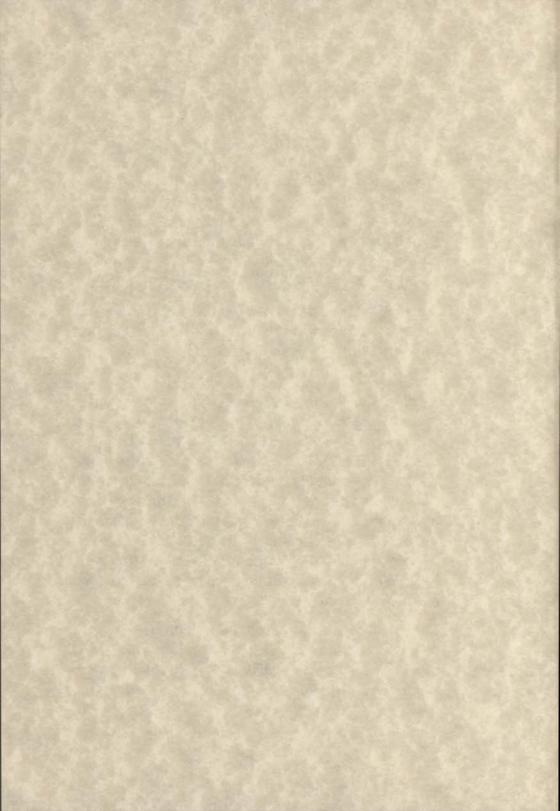


that fact. He or she might buy the same Scotts product in the same store on the same day that a neighbor does, and the two of them could have totally different results. They've been required to make a series of decisions, and to put in some personal effort, which are vitally important to their success with the product. When the results are good, they share the credit, almost as if they were partners with Scotts.

I believe that this process of involvement is what ties the knot between the consumer and Scotts; it's an important link that should be part of everything Scotts does.

It's almost as though we were selling products with a missing piece. Because we've always recognized that the consumer isn't buying a "what," but a "how-to": how to have a thick, healthy lawn; how to have a successful vegetable garden; how to grow beautiful and vigorous ornamentals. We offer our products and information to consumers with the understanding that they are the missing piece . . . crucial to our success, just as we're important to theirs. That's the true definition of a partnership, and I believe they perceive it as one.

The alternative is to present them with a completed result. That is the job of a supplier, not a partner; and while it may produce satisfaction, I doubt whether it produces the degree of pride, pleasure, and loyalty



that comes from involving them in the process.

Convenience, as the Latinists among you have know all along, is really the key to our success: it literally means coming together. As we keep working to make "growing things" more convenient for our customers, let's not forget that we want them to know we're working together. It's called "involvement."

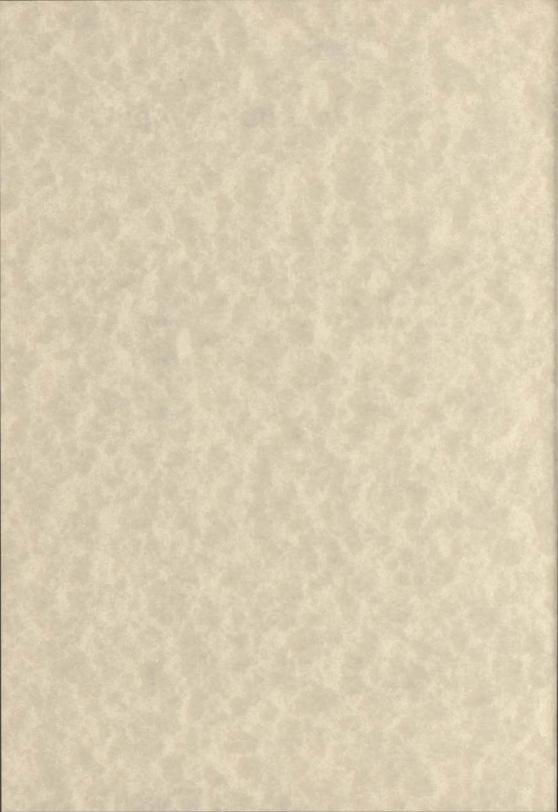


### **Phantom Products**

Normally, when you go into a store to make a purchase — whether it's a lawnmower, a spreader, a garden rake or something else — you can use information about the product to prove its claims of durability, ease of use, maneuverability or handiness to your satisfaction, before you spend a dime on it. If nothing else, you can base a decision — right or wrong — on an eyeball assessment of whether it "looks like good quality".

What does Scotts offer the consumer at point of purchase? A bag or box, filled with little pieces of chemical formula or seed. You just can't "prove" the merit of a product like this before you buy it — it's an unknown, a phantom.

At the next stage — usage — some other products which were phantoms at point of purchase became "real". As soon as you open a can of paint, for instance, and begin painting your house, you can prove to yourself whether the product claims of the right color, even spreading, odorlessness, or one-coat coverage are really true. Some claims, like "long-lasting", may need more time to evaluate, but by and large you know at that point whether the product works or not.



What does Scotts offer during usage? An opportunity to see the pieces of formula or seed fall out of a spreader onto your lawn or garden. Still hard to see any proof of performance or quality.

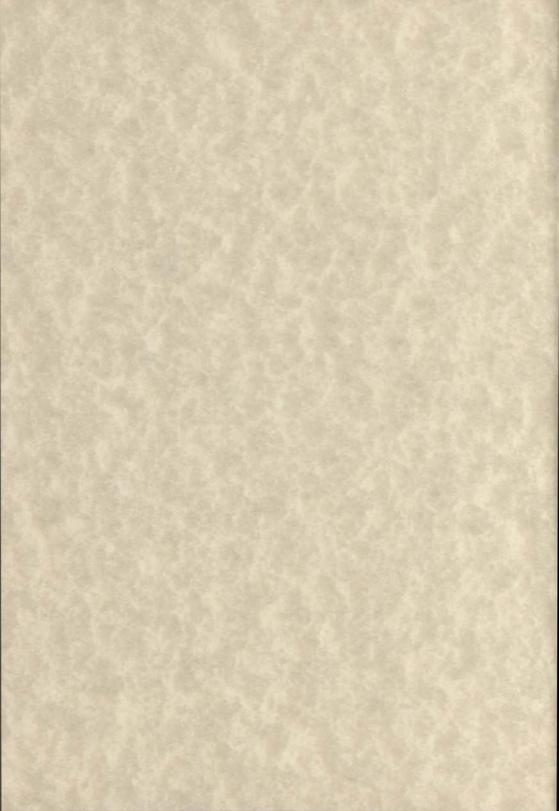
Finally, our products require people to wait several weeks for results. Meantime, a lot of things may happen to affect those results: application errors, too much rain, too much sun, too much cold, and so forth. During all this time, our customers have absolutely no reason to trust the product to perform as it's supposed to. But they've bought it and applied it, in the confidence that the performance will be there. Not only that, but they continue to buy more Scott products than most of our competitors' combined.

Why?

They trust Scotts.

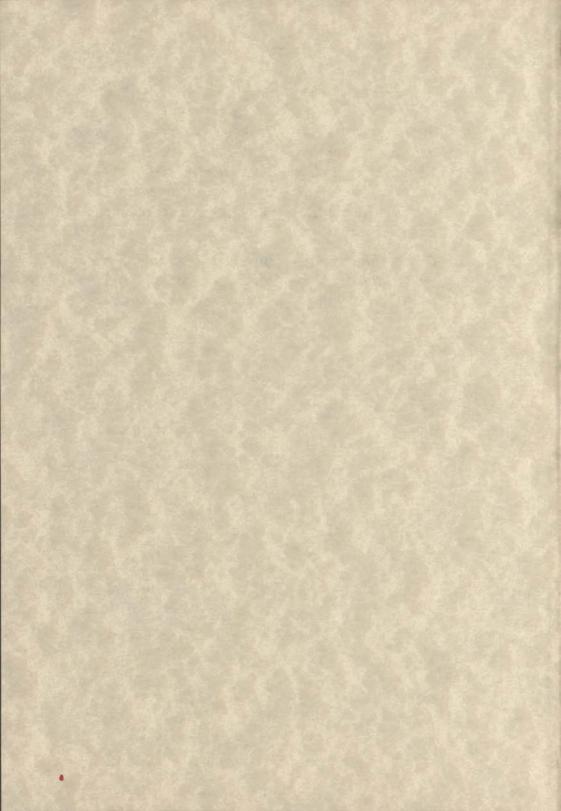
It's as simple as that. Consumers depend on what we've promised **as a company** — and their trust is in us as a company, not in any individual product per se. We strengthen that contract by offering a guarantee, not of product performance, but of personal satisfaction. In effect, Scotts' promise bridges the gap between the product itself, and the results the buyer anticipates.

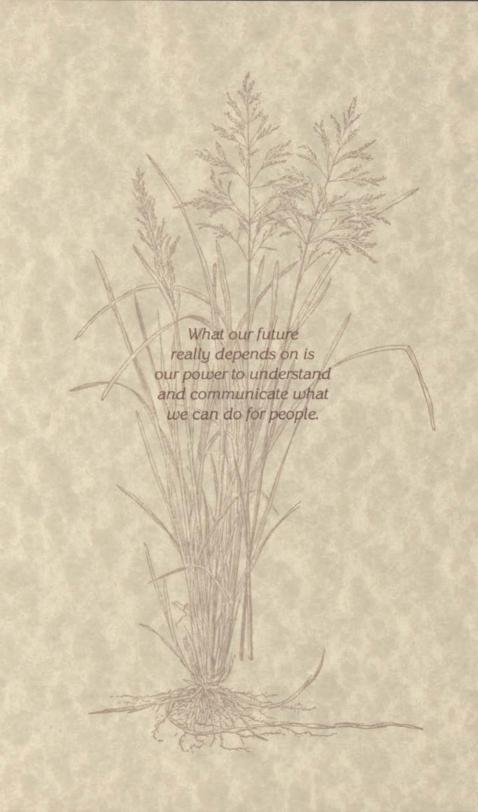
Manufacturers can be required by law to provide product information, but all the facts and figures in



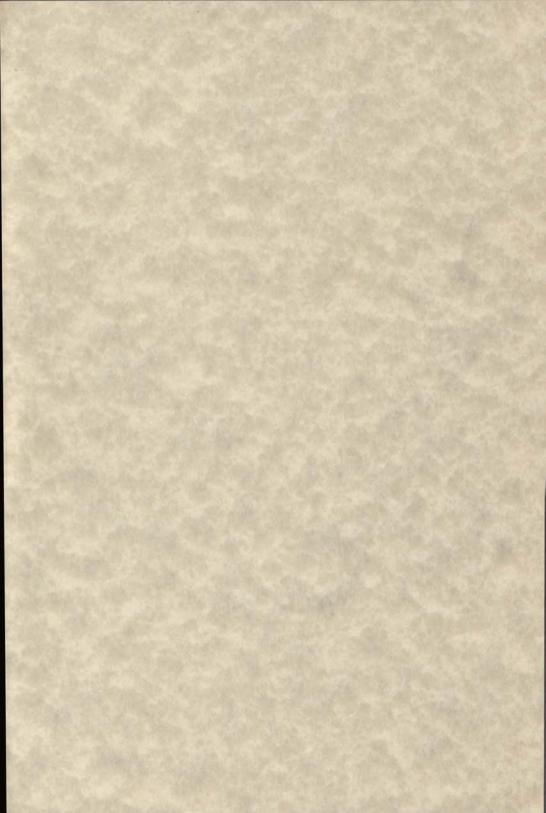
the world can't satisfy a skeptical consumer faced with a phantom product. What we do at Scotts is based on a much more sensitive and fundamental law: caring enough about our customers' opinion that we try to earn their loyalty and trust in every way we can.

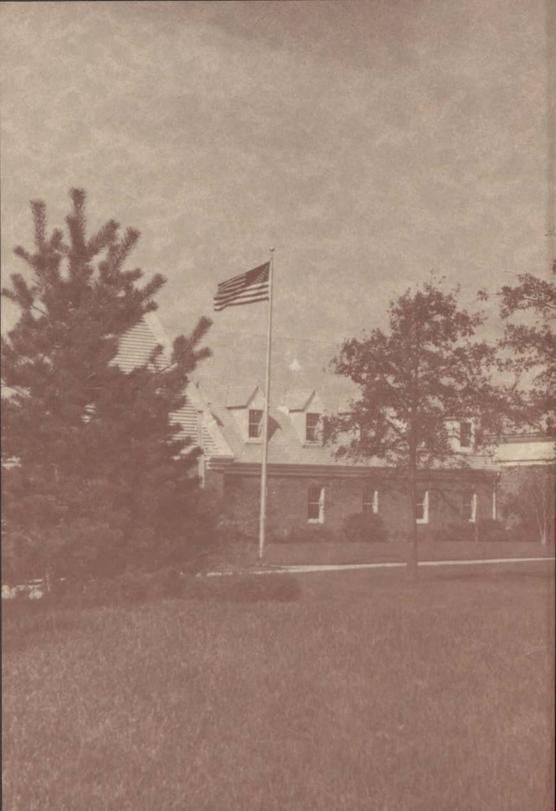
Given the nature of our products, this broader responsibility is essential for our success. And, in the truest sense of the word, it is real **consumerism**.

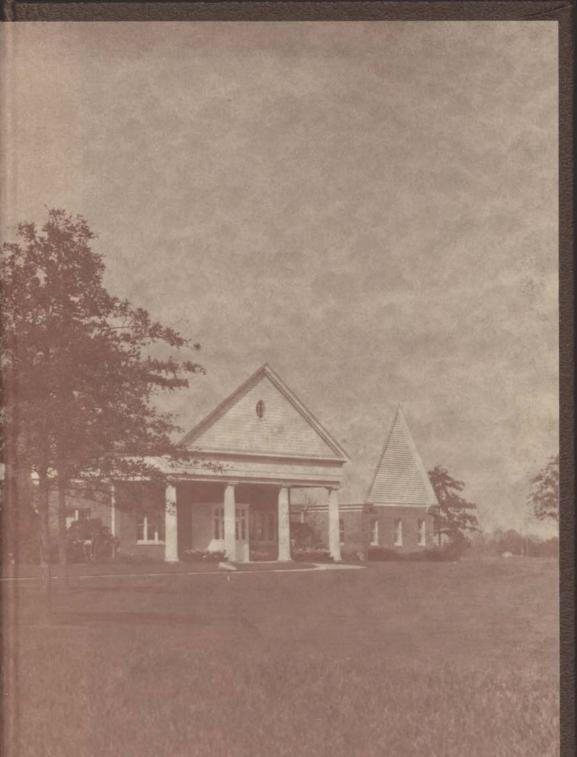












Dwight G. Scott Research Center

