



By David Yochum

Beneath dark economic clouds, Hoffman Landscapes continues to grow.



Hoffman Landscapes owner Mike Hoffman.

## Beating the Street

Lined with liquid portfolios and Valentino-clad bears, Wall Street couldn't be further from the green industry's heart. Still, plenty of lawn and landscape professionals cringe every time the Dow drops. Most take it as another indication of a sputtering economy. But at Hoffman Landscapes, employees eye corporate losses a bit closer.

"Our customers are the brokers and hedge fund guys – folks particularly sensitive to the market," says Hoffman Landscapes owner Mike Hoffman. "We feel their pain immediately."

In the past five years, Hoffman Landscapes averaged more than 20 percent yearly growth, \$6 million in annual revenue and won multiple PLANET awards. Yet today, some of Hoffman's wealthiest clients are hesitant to order from the company's all-inclusive lawn care menu.

Hoffman says jobs that once went for \$50,000 are getting cut to "\$25,000 now, and maybe \$25,000 later."

"We had one client call and ask for the bare minimum," he adds.

However, it's safe to say most LCOs would enjoy carrying Hoffman Land-

scapes' financial burdens. Revenue is up 21 percent, thanks in part to a diverse list of design/build and maintenance services (and perhaps a few golden parachutes). But the business' triumphs have little to do with luck. Prior experiences allowed Hoffman Landscapes to build a solid foundation of professional management and grow in the face of adversity.

### GREAT BEGININGS

Located just 50 miles northeast of lower Manhattan, Connecticut-based Hoffman Landscapes has enjoyed tremendous success since opening in 1987.

"I started the business to help put myself through college," says Hoffman, who became a skilled landscaper by working on family properties with his dad. "My father built his own company and I learned a lot watching him operate."

This, Hoffman says, is how he discovered two important business lessons.

The first: Axe a bad employee despite extenuating circumstances.

"I remember my father let someone go three days before he was supposed to present a seminar on a software package that nobody else in the world new as well as this employee," Hoffman explains. "The guy asked for another \$10,000 and my dad said, 'Hit the road.'"



Hoffman Landscapes' young workforce is critical to the company's success.

Hoffman Landscapes provides an extensive range of exterior residential design-build services, including drainage, walls, patios, driveways, fireplaces, lawns and meadows.

And the second (and perhaps most important): There are no business limits.

"If there's anything holding you back, it's probably yourself," Hoffman says.

Taking those lessons to heart, Hoffman formed a true do-everything company. He says Hoffman Landscapes designs and builds "anything outside of a house," including drainage, walls, patios, driveways, fireplaces, lawns and meadows. Moreover, its property maintenance service is extremely comprehensive.

"We don't just cut grass," Hoffman explains. "There is a minimum package customers buy – from mowing and lawn care to perennial gardening to plant health care – and that is really the success of the business. When we come on a property for the first time, typically we're replacing three other companies, if not more. Those guys all get wiped off the owner's books and then they have one payment every month."

### BUSINESS COSTS

Maintaining some of Connecticut's most expansive, lavish properties does require a certain type of work force. Hoffman says a majority of the company's 71 employees are young and eager – which is why he created a corporate culture with plenty of room for advancement.

"We are a grow or die type organization," Hoffman says. "If we're not growing, how interesting is it for the people that work here? What kind of opportunity are they going to have? The Internet gen-

### Quick Facts:

Hoffman Landscapes annual revenue	
2008:	\$7,850,000 (projected)
2007:	\$6,495,000
2006:	\$5,935,000
2005:	\$5,186,000
2004:	\$3,811,000



eration doesn't have much of an attention span, so if they're job hasn't changed in a year or two they get bored."

But Hoffman's popular growth mentality also got the company into a financial mess. A decade ago, Hoffman Landscapes nearly grew itself out of business.

"You have to be careful," Hoffman warns. "We came close to doubling in size in a single year, and systems and processes didn't follow fast enough."

Hoffman says his business first encountered problems when it took on two unusually large jobs. Hoffman Landscapes had enough employees on site, but the company wasn't buying on budget or tracking every bit of material.

"And we weren't watching hours closely enough either," Hoffman adds. "We didn't know whether our projects were on time until they were almost complete."

To help recover from his mistakes, Hoffman contacted Craig Ruppert of Maryland-based Ruppert Nurseries for operating advice. Hoffman says Ruppert essentially opened the doors to his successful operation, providing both estimating tips and inspiration.

"Craig and his managers really showed us everything that was going on," Hoffman says. "We learned a lot about what was possible."

Next, Hoffman hired a certified public accountant (CPA), and he says the company hasn't looked back since.

"We were balancing the books before, but the CPA definitely took us to the next level financially. He helped us recover and

grow with a capital expenditure budget. Now, we only buy when we know we will get a return on our investment."

### BRANCHING OUT

But at a time when most believe the national economy could be in recession, a CPA alone can't increase a company's revenue.

To continue operating at a high level, Hoffman says his business is taking on jobs outside of its normal territory and making regular purchasing and employee adjustments.

"Sometimes we we'll buy equipment early, but we've become very conservative about our plans for next year with a wait-and-see-type deal. We also cut back design/build overtime temporarily, which was a big deal for us. But a month later, we were back to regular hours because we wanted to finish out the year strong."

Additionally, Hoffman Landscapes wants to continue generating more revenue by offering new services.

"We have a few clients that are asking us to begin pool maintenance too," Hoffman says. "A lot of growth happens because clients beg us. We started working up in Litchfield County because a client moved there and said he had no other options."

The company's next big step is updating its aging job cost systems to align with today's real-time information needs. But of course, like many of the business' changes, reinvesting in efficient operation can only help Hoffman Landscapes continue to do what it does best – grow.