

Prepared for bounce

Hobbs lays groundwork

By GLENN J. KALINOSKI

A projected 20 percent drop in revenue this year following a record high in 2002 didn't scare Scott Hobbs.

The president of Hobbs Inc., a general contractor specializing in renovating and building high-end homes in Westchester County and Fairfield County, Conn., increased his head count from 65 to 75 last year.

"It takes a long time to train somebody in how we operate," he said. "Our objective was to find good people and get them ready for an inevitable bounce in the market."

For Hobbs, whose company is based in New Canaan, Conn., the bounce began in October. Some of the signs pointing toward improvement this year include: Wall Street's performance, which includes positive projections regarding hiring and bonuses; and the amount of work the more-than-a-dozen architects Hobbs has relationships with have on their tables.

"We managed to stay close to full capacity, but there was a period in late 2002 into early 2003 when there were no projects larger than \$3 million," he said. "We had been used to several over \$5 million and some over \$10 million, but they weren't there. Now, we're seeing the return of the over-\$5 million project — starting toward the end of (last) year."

High-end homes for Hobbs are priced between \$3 million and \$5 million on the main project side of the business, while its distinguished additions and renovations group can generate projects between \$50,000 and \$2 million.

Among the firm's most critical functions is providing full-time superintendents on each job site.

"We can keep 18 main projects going at a time," he said. "Now, we have 17, so we're running very strong."

The company will celebrate its 50th anniversary this year. His grandfather, Ted Hobbs, founded the business that remains headquartered in the same building in New Canaan. Scott Hobbs' father, Michael, who retired five years ago, took over in 1975 and shifted its focus to the high-end side of the business.

Scott Hobbs described his company's area of operation as "within an hour of New Canaan — from Fairfield, Conn., to Scarsdale and north to North Salem and Ridgefield, Conn."

Along with a recent project in Litchfield County, Conn., locations in which the company has completed work during the past year include Lewisboro, Pound Ridge, South Salem, Bedford, Scarsdale, Rye and Purchase along with Greenwich, Darien, New Canaan, Westport, Fairfield, Ridgefield, Stamford and Norwalk in Connecticut.

"We're also partnering with two long-time builders in the Hamptons with the intention of starting to do some work there," he said.

A new service being provided is the company's personal estate management division that is designed to help homeowners with their ongoing maintenance-related needs.

"For a large number of our clients, it might be the first large house they've ever owned, and they might not know how to take care of it, or don't want to know how to

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take care of it," he said. "It was disturbing to go back to a house five or six years after building it and finding dog scratches, peeling paint, doorknobs that had become loose or gutters overflowing, all of which make a house prematurely age."

A package is offered in which ongoing maintenance and inspection services can be obtained, or they can be provided on an a-la-carte basis. The package plan includes two inspections per year.

"Paint peeling could mean a water leak, or that the wood is rotting, or there are ventilation issues," he said. "We try to address what is causing the problem."

The division, with three office workers and six field personnel, has surpassed expectations.

"We've had a difficult time defining a

standard product, but we've always customized it to their needs," he said.

The annual package plan is priced at \$2,000 and includes the inspections, priority on all service calls and "some miscellaneous things" for free.

"One of the reasons we have a competitive advantage is we have a very big construction arm, which means our subcontractors pay attention to us," he said.

"They understand that when Hobbs calls, it's their best customer, and even if it's a single service call that's very inconvenient for the subcontractor, they need to pay attention to it."

Five homeowners have signed up for the annual package plan at \$2,000 per year with each account generating repair revenue between \$10,000 and \$100,000. An additional 20 people have customized programs and they have also accounted for between

\$10,000 and \$100,000 in home repairs.

The company uses a minimum of three subcontractors within each of 25 different trades.

"A strength of ours is to look for new subcontractors and stay with an established base," he said. "New guys help keep pricing from getting skewed too high and guys help us to keep from making mistakes by taking on unqualified new subcontractors."

General liability insurance has proven to be a challenge in recent years.

A 50 percent increase in 2002 was followed by a 100 percent jump last year. The company's umbrella policy once included coverage up to \$20 million but has since been reduced to \$5 million despite never having been involved in a lawsuit with a client. Last year's premium of \$400,000 now \$800,000.