

GROWERTALKS

Features

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Behind the Business: A Plain Black Wrapper

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"Behind the Business" is all about finding the interesting, untold stories from a company's past that marked a turning point in the business' road to success. This time the company is HIP Labels of Greensboro, North Carolina.

Bob Lovejoy, HIP's founder and president, shared with us two such stories from the company's first 25 years. The first is about the founding itself—which involved, surprisingly, the decimation of Bob's key customer base and a major U.S. manufacturing segment: the clothing industry.

When Bob founded HIP in 2000, he was with label company L&E Packaging—at that time the country's largest supplier of hang tags for apparel, with customers such as Levi Strauss, Kohl's and The Gap. It was "a wonderful business," recalls Bob, and he would probably still be in it had there not been major changes to U.S. trade policies around that time that seriously undermined the domestic apparel industry, causing many plant closings and the loss of more than 300,000 jobs. Fewer clothes meant fewer tags, so L&E gave Bob a new role: finding a fresh market to go after.

It just so happens that Bob has an extensive background in barcoding and he sat on a couple of different committees for the Uniform Code Council, which sets standards for product identification. During one meeting, a fellow committee member, who represented Kmart, entered the room with a big box of tags and threw them out onto the table with a flourish. They were horticultural plant tags and she pointed out to the group the problem with their barcodes, such as one code representing many different species, varieties and sizes of plants.

Bob recalls her saying, "These people do not know what they're doing!" But he wasn't listening. He was studying one of the tags that quite literally had fallen in his lap.

"I'm thinking, 'Here it is!'" he told us. "That's how I discovered the horticulture market."

Bob brought the idea back to his team at L&E and they began a deep dive into tag needs of nurseries, researching materials, inks and manufacturing processes. They were even set to hire a national sales force for the new horticulture division. But then, unexpectedly, a competitor, Avery Dennison, made a bid to buy L&E, which L&E eventually accepted. A consulting firm involved in the merger made note of this fledgling horticulture division within L&E and suggested that Avery Dennison scrap it.

So much for all of Bob's hard work ...

But, like horticulture, the printing industry is small, and it so happens that before Bob worked for L&E, he worked for—you guessed it—Avery Dennison. Whose president, Dean Scarborough, happened to not only be a former colleague, but also an old friend. That gave Bob an idea.

“When that decision was made [by Avery Dennison] to get rid of the horticulture division, I called Dean Scarborough and said, ‘Dean, this probably isn’t on your radar screen, but this is what’s going on in Greensboro. Would you sell me the business that I started?’”

Dean agreed to the idea, and Bob found himself the owner of a brand new horticultural label company.



A plain black wrapper

For story number two we need to fast-forward about 10 years. Bob had made the decision early on to focus on the nursery side of the plant industry based on what he'd learned about its specialized needs and challenges, and he'd found 10 or so established nurseries—including Monrovia, Baucom's and Overdevest—that were willing to buy some product and help his fledgling company learn the market ropes. So he had a bit of cash flow and a foot in the door. But then a new opportunity arose when Bob received a phone call from John Fisk, production manager at Bailey

Nurseries up in Minnesota.

The original Bailey branded pot that needed camouflage and the plain black pot wrap that made it possible for Bailey to efficiently serve two customer categories—IGCs and grocery stores.

“I did not know John at the time,” Bob recalls of the call. “But he introduced himself and said, ‘Bob, I understand you have a product that’s called a pot wrap. I have a need for black pot wraps. Can you produce them to fit a 3-gallon container?’ I said, ‘Well, John, I’m certain I can.’”

Why did Bailey need a plain black pot wrap? John explained that it was to hide the company's branded graphics on plants going to grocery stores, who were undercutting Bailey's independent garden center customers.

Per John's request, HIP produced the black wraps, which met Bailey's needs perfectly.

The next year, Bob traveled to Minnesota with some good news. He explained to John that if Bailey was interested in continuing the program, he had a way to producing a better wrap and at a lower cost.

Surprised, John asked Bob why he was revealing this. Why not just save the money on production, pocket the difference and everyone would be happy?

“Well, John, that’s not the right thing to do,” answered Bob. “It’s our job to be creative and come up with ways for

you to have a better product for less money.”

“We’re going to get along just fine,” John replied with a smile.

That honest interaction helped seal HIP’s future as a supplier to Bailey, as well as Bailey’s network of growers who produce genetics like Endless Summer Hydrangeas, Easy Elegance Roses and First Editions plants. And having well-respected Bailey as a customer opened the doors to more nursery customers.

“That was a very, very important interaction,” recalls Bob. “John and Bailey recognized that HIP Labels is somebody they want to deal with, who’s going to be honest with them, who’s going to be straight with them. And who’s looking out for their best interest.”

It’s hip to be HIP

As HIP celebrates 25 years dedicated to horticulture, we asked Bob if, while serving the apparel industry, he’d ever been to a garden center or even seen a plant tag.

“No, no. I had no earthly idea,” he replied with a chuckle.



“It’s been a lot of fun,” Bob continued, speaking of his past 25 years. “I mean, the people we deal with are the best customers anybody could ever hope for. And everyone’s looking for solutions, looking for help. And that’s what we provide.”

HIP offers all this color and yet it was a plain black pot wrap that helped secure their success.

Oh, one more story: The name HIP Labels. It didn’t start out so quite so hip. L&E’s horticultural division began as the much-less-inspired “Horticultural Identification Products.” It doesn’t exactly roll off the tongue, does it? A receptionist from the early days thought the same thing. Tired of reciting that mouthful every time she answered the phone, she shortened her greeting to the acronym “HIP.” Not only did the boss and crew like it, in 2008 they adopted it as the official new name and changed all of their branding to reflect their new “HIP”-ness. **GT**