

GROWERTALKS

GT in Brief

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Costa Buys Engelmann

Chris Beytes

Costa Farms announced March 31 that they've acquired the "business, assets and brands" of Hermann Engelmann Greenhouses.

Engelmann's is the world-renowned Apopka, Florida, producer of small foliage plants under the Exotic Angel brand. Costa is one of the country's biggest nursery and greenhouse grower with 3,500 acres; operations in three states, the Dominican Republic and Asia; 4,000 employees and several hundred million dollars in sales. With this deal, Costa adds 69 more acres and 300 more employees.

Why the purchase? CEO Jose "Joche" Smith admitted that it was because Engelmann's is simply better at the small foliage category than Costa.

"We grow a lot of product lines here. This is one where we clearly felt there was a gap between what we were producing and what was best in class. Frankly, we were debating making investments down here [in Homestead] and competing with [Engelmann] to win over more and more of their market or acquiring them. At the end of the day, [the acquisition] made sense for us and it made sense for them and for the family. We're thrilled to be able to bring their product line into our portfolio."

The sale comes 10 months after Wolfgang Engelmann passed away after a battle with cancer. His father, company founder Hermann Engelmann, passed away in 2012. Wolfgang's son, Andrew, had recently come into the family business to learn the ropes.

For the Engelmann perspective on the sale, GrowerTalks reached out to CEO Chuck Romagnoli, a foliage business veteran and long-time friend of the Engelmann family who took over as CEO last year when Wolfgang passed away. He didn't return the call by our deadline. In a press release, however, Chuck said, "We can't imagine a better company to continue moving our brand forward."

Moving the brand forward is key: we'd heard from a knowledgeable source that Engelmann's had lost some big-box business last fall. It was the instability and risk inherent in today's marketplace that clinched the decision to preserve the business and brand by selling to Costa rather than competing against them.

Said Joche of the negotiations, which happened in the last two months: "We've known Chuck Romagnoli for a

long time and, over conversations at TPIE and so forth, both parties sort of brought it up.”

What will change and what will stay the same? Joche says they’ll share best practices between the two companies, but he expects the opportunities to be on the operational side of the business (logistics, marketing and IT support), not production.

“They’ve got phenomenal growing practices,” he says of Engelmann. “I hope that the companies are going to learn from one another.”

Then there’s the Exotic Angel brand, which Joche obviously recognizes as a prime asset.

“I tell you one thing that will stay the same for sure is the brand,” he says. “The Exotic Angel brand has always stood for top, top quality product and we’d love to explore how we can grow the brand.” **GT**