

case 1-429-037  
February 16, 2010

## Toll Brothers

### Company Background

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Toll Brothers is the leading builder of luxury homes in the United States. Now a Fortune 500 company, Toll Brothers began as a family business, opened by Bob Toll and Bruce Toll in 1967 when they were 26 and 24 years old, respectively.<sup>1</sup> Sons of a father in the construction industry, Bob—who studied law at the University of Pennsylvania—and Bruce—who studied accounting at the University of Miami—decided after college to continue in the family’s line of business.

They began by purchasing land and building homes on a patch of territory in southeastern Pennsylvania in the late 1960s. During their start-up years, they built approximately 30 homes per year.<sup>2</sup> In the four decades that followed, Toll Brothers grew to operate in 21 states (Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Texas, Virginia, and West Virginia<sup>3</sup>) and, at the peak of the U.S. housing boom in 2005, built approximately 8,000 homes annually and employed 4,655 people<sup>4</sup>.

Weathered by the dramatic downturn of the U.S. housing market, however, the company only contracted 2,450 homes and employed 2,066 full-time employees in 2009.<sup>5</sup> Although Toll Brothers has come to symbolize the gluttonous consumption of real estate in the first half of the 2000s<sup>6</sup>, it nevertheless exemplifies a company that has survived the ebb and flow of what has historically been a volatile environment in which to do business, the U.S. housing industry.

### Toll Brothers Growth (1967–1999)

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From 1967 through the 1970s, Toll Brothers became a dominant homebuilder in Pennsylvania because of the company’s emphasis on quality and customer satisfaction, as well as a conservative financial strategy. The Toll brothers were dedicated to keeping construction costs as low as possible without jeopardizing the quality of their homes, and they were cautious not to invest heavily in land that could become overpriced when the real estate market soured.<sup>7</sup>

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*Published by WDI Publishing, a division of the William Davidson Institute (WDI) at the University of Michigan.*

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