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Roy Miller, President









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THIS ISSUE

The Business Solutions Magazine For Furniture Retailers

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COVET: Featured on this month's cover is Country View Woodworking's English Shaker Collection, designed to appeal to busy households, focusing on the dining area as a popular gathering place for family and friends. Customers may tailor selections to individual preference by mixing and matching color, fabric, woods, finishes, and price points. For more information on their solid hardwood, American-made, "Green" products, see Cover 2 and page 1 of this issue, visit them in High Point or at www.http://www.cvwltd.com.

06 Selling The Same Stuff!

Ever notice that furniture retailers seem to all be selling the same stuff? Here are five ways to make this reality less important to your bottom line.

12 Flexible Budgeting For Furniture Retailers

Flexible Budgeting lets you 'Flex' your top line and observe the resulting operational effects on your P&L and operating income.

16 Furniture Retailers Share Their Stories - Part 9

This series that commemorates Furniture World's 140 year of publishing, continues with interesting histories of retailers United House W recking and Sleep Country USA.

42 Best Selling Design

Editors' picks of best selling furniture and accessory designs.

48 Dreaming Of Better Bedding Sales - Part 3

Furniture World asks industry experts to tell us some of the best and worst bedding sales practices they see at retail, and to provide tips to improve performance.

34 Media Mix Magic -Part 1

Create a killer mix of media that will leverage maximum sales and profits.

56 The Big Hand - Off

Don't get "tackled" by the IRS when handing off your business to the next aeneration.

62 Garage Sale Lessons

Lessons a veteran furniture guy learned watching people browse, decide and negotiate at a garage sale.

68 Opened & Read - 3D Mail

3D Mail, is a piece of mail that has depth. A generic mailer such as a flyer or letter has length and width but lacks depth. The depth is what sets a 3D mailer apart.

74 Warehouse Infestation

Practical steps to minimize risks of warehouse bed bug infestations, negative media attention and frivolous consumer lawsuits.

78 Quick & Easy Repair

Do you have a backlog of damaged stock? Are your quick and easy finish repair solutions turning out to be neither quick nor easy?

Thinking of Oursourcing **Your Home Delivery?**

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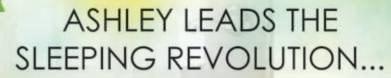


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SELLING THE SAME STUFF!

Ever notice that furniture retailers seem to all be selling the same stuff? Here are four ways to make this reality less important to your bottom line.

by Joe Capillo

K. For all the football fans out there who are operating retail furniture companies, think of the dominant teams in the NFL over the decades like the San F rancisco 49'ers, the Dallas Cowboys, the Steelers, where the right strategy (ie: the W est Coast Offense) and outstanding execution by the players on the field made for years of success and multiple Super Bowl Championships.

Someone's brain conceived the strategy. A playbook was developed and written. Great players were drafted and trained in the strategy coaches taught, drilled, taught again, and drilled again. Every player knew his role and the role of every other player. Then the players executed on

Imagine the results if there were no structured NFL plays, no coaching, and no adherence to the playbook.

the field. Of course opponents eventually developed defensive strategies to counter the W est Coast Offense. but it is true that some teams still utilize it, or some variance of it, success-

But what happens if every player decides to execute the plays their way, instead of the way the team management wants it done? Instead of blocking this opposing player, they decide to block that player. Instead of kicking the ball, the kicker decides to run. Imagine the results if there were no structured plays, no coaching, and no adherence to the playbook. Chaos would result and team goals would never be met. Of course there is always the need to react to the situation on the field, and the great players can do that, but it all begins with a set

In furniture retailing our opponents are not our customers, but we do have to engage them, understand, convince and serve. We have to do it better than our competitors and seek to consistently exceed our customers' expectations to achieve our goals. Yet many stores have as many different strategies as they have salespeople. Everyone has "their way " of doing things, and often the outcomes are widely divergent, providing a wide range of performance from the highest to the lowest performers.

Everyone gets the same number of customer opportunities, but with far

different results.

Today, with the inception of whole new worlds of consumer -centered communication tools, and the continued growth of online information, shopping and purchasing of home furnishings, things have changed dramatically. But, have we?

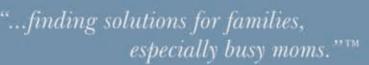
I've been around retail furniture stores for 40 years and a lot of things still look pretty much the same, except for the "made in China" labels on just about everything . I remember when the goods we sold at Ethan Allen were made in Vermont or New York State. Most of the players in our industry continue to believe that it 's all about the "stuff", but I have argued for decades that it 's really all about the people and the room first – then it 's about the stuff.

When things were cruising along nicely in the 1980s, 90s and early 2000s, just about every business strategy worked, and not much importance was placed on strategic thinking or execution. As long as new home sales (and of course used home sales) were booming, everyone was a retail genius. It really was all about the stuff needed to fill all those new homes and rooms. But now, things are different, and still retailers are applying the same old strategies to a reduced audience. Yes, there's still a lot of business to be done, but the competitive environment is sharper than ever, and in case you haven 't noticed -



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everyone's selling the same stuff. Just like always.

So, how can you get better in tough times? How can you do the three things that are the prime objective of every retail business: attract, satisfy and retain an ever growing number of customers? First of all, do better with the shoppers you already have instead of always spending to get new ones. Here are some suggestions:

Have a selling strategy that is clearly stated in writing and ensure that each employee fully understands it. If you develop and adopt a new strategy or a new wrinkle to an old one, retrain everyone. Cover every aspect of the selling equation, and make your sales associates and coaches (otherwise known as sales managers) partner to ensure that your strategic approach is executed. If the only time your "players" hear about the company 's selling strategy is in initial training, you can't expect them to take it seriously. Your selling strategy has to be a "walk-thewalk, and talk -the-talk" everyday issue for everyone from the sales managers to the CEO. Corporate initiatives fail most often because of a lack of attention from the top.

 $2. {\hbox{\tt Connect your sales associates to} \atop {\hbox{\tt .your customers in every way you}}}$ can. Don't hold back email because

"I can predict that you'll be surprised when you look at individual salesperson performance by category over at least three months."

of your fears of abuse or misuse. Figure it out and protect yourself technologically, but if you are not using email marketing directly from individual sales associates, you're missing a huge opportunity for additional business.

People build relationships with people, not companies. Why should you continually spend additional marketing dollars to get non-buyers back when email is virtually free? And, it 's also personal, one -to-one marketing to prospects your sales associates have already met, know something about, and with whom they (hopefully) have a good relationship. If you view not closing every sale today as failure vou're on a track to continuous disappointment. The fact is that with close rates still hovering around 20-25% for many furniture retailers, the real situation is even worse for first time shoppers on a furniture purchasing project. In my experience, backed up by substantial monitoring of the flow of business over many years, first time shoppers in your store purchase about 15% of the time, and this will be higher for your star performers and lower for your not -so-stars. On the second visit, however, closing rates are 70% or higher, and that's how you get your 20% close rate overall. The question is – how many shoppers make a second visit? Again, experience shows that this varies among salespeople depending on the quality of their work, but the best I've seen have as many as 15-20% of their total monthly opportunities as return shoppers on a project.

3. Categorize your sales training . That's right, train by category for product knowledge, presentation, and selling skills. First, that's how people learn best – by category. Second, different emotions, feelings, and thought processes apply to purchases made for different rooms and uses. Unique presentation and sales approaches have to be used for living rooms and bedrooms. Dining room presentations require different questions and setting up alternate visions for customers. Dinettes often have a completely different emotional foundation with people than dining rooms. If you are not tracking salesperson performance by category, start now. All of the furniture-specific computer systems retain this information, and I can predict that you'll be surprised when you look at individual salesperson performance by category over at least three months. You'll find that some sales associates just don't know how to sell some things. The great people tend to be great at everything. Keep the categories fairly broad. Consider master bedroom a category, youth bedroom another, and separate formal dining and dinettes. Sub -categorize leather upholstery by motion and stationary. Make it make sense.

4 Live in the metrics. They tell you what to do. Measure everything , and use the metrics to do something. If you 're keeping sales metrics you



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THE SAME STUFF!

don't use to manage today , in the game, on the field, throw them away. There are three parts to the sales success equation: Number of customer opportunities, your closing ratio, and your average sale. That Salespeople can take actions in all three areas to improve their sales and their income, and the start of everything is shoppers. When they bring a shopper back to become a customer, that's their impact on your traffic. If you don't know that you live on return shoppers on specific projects, take the time to measure this and find out just how important those second visits are

to your business.

Joe Capillo is a furniture industry veteran with 35 years combined experience as a retail consultant and retail industry executive. He is a contributing editor to FURNITURE WORLD Magazine and a frequent speaker at industry functions. Joe makes himself available for private consultations on any aspect of retail sales management and sales education.

His recently published book, "Living On The Top Line", available on Amazon.com, helps home furnishings retailers to create and implement cusDifferent emotions, feelings, and thought processes apply to purchases made for different rooms and uses.

tomer-centric selling systems. Joe can be reached by sending an email to joecapillo@furninfo.com. See all of his sales management articles that are posted to the information packed FURNITURE WORLD Magazine website www .furninfo.com in the sales management article archives section.



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Charles Wasser, Owner Kimberly Carluccio-Wasser, Owner/Designer Once Upon A Table







FLEXIBLE BUDGETING

Flexible Budgeting lets you 'Flex' your top line and observe the resulting operational effects on your P&L and operating income.

by David McMahon

e have all heard the saying, "A failure to plan, is a plan to fail."

Most home furnishings retailers don't have a plan. I did say most. The best operators do plan. They use budgets to help them react faster to unforeseen situations in the future. A quantifiable plan is a budget.

To introduce you to the value of budgeting, this article will show you how you can use a simplified "Flexible Budget" to assist with your operational forecasting.

This process is called "Flexible" because your planned level of sales may change due to unforeseen factors. For example, if your local economy is dominated by a large employer that suddenly lays off half of its work force, there may be a spillover effect on your business. Flexible budgeting allows you to prepare better for the unknown.

Flexible Budgeting lets you "Flex" your top line and observe the resulting operational effects on your P&L and operating income. To see these effects, a nontraditional financial

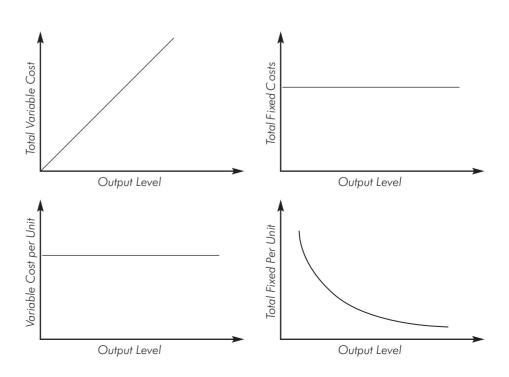
"In the 90% flex scenario the fixed costs are higher as a percent and all profitability has been eroded."

statement will be used that separates variable expenses and fixed expenses. This is called a contribution margin financial statement and can be used for internal reporting, planning and analysis. The separation of variable and fixed expenses are important because they act differently when sales volume changes.

Examples of variable costs in the retail environment are cost of goods sold, sales commissions, finance company fees, and a portion of marketing and distribution costs. These expenses are only incurred when a sale is made. When you look at total variable costs, you see that as output (sales) increases, variable costs

increase at the same rate. If you look at variable costs per unit of output, they remain fairly constant. For example, the ratio of sales commissions to sales may be 7% no matter what the output volume is.

The behavior of fixed expenses on the other hand is different. Total fixed costs will remain the same on a dollar amount over the relevant range of activity. F or example, if rent is \$30,000 per month, it 's going to be \$30,000 per month whatever your output volume is, provided you 're in business. Conversely, fixed costs per unit of output decline as output increases. So, if your sales levels increase, you pay less as a percent-



Contribution Margin Financial Statement

	Master or Static Budget Sales \$ Flexed at 100%	Ratio 100%	Flexible Budget Sales \$ Flexed at 90%	Ratio 90%	Flexible Budget Sales \$ Flexed at 110%	Ratio 110%
Sales	\$500,000	100%	\$450,000	100%	\$550,000	100%
Less Variable Expenses						
Cost of Goods Sold	\$260,000	52%	\$234,000	52%	\$286,000	52%
Gross Margin	\$240,000	48%	\$216,000	48%	\$264,000	48%
Sales Commissions	\$35,000	7%	\$31,500	7%	\$38,500	7%
Other Variable Expenses	\$10,000	2%	\$9,000	2%	\$11,000	2%
Total Variable Expenses	\$305,000	61%	\$274,000	61%	\$335,500	61%
Contribution Margin	\$195,000	39%	\$175,000	39%	\$214,500	39%
Less Fixed Expenses						
Administration Expenses	\$100,000	20%	\$100,000	22.2%	\$100,000	18.2%
Occupancy Expenses	\$30,000	6%	\$30,000	6.7%	\$30,000	5.5%
Marketing Expense (Fixed Portion)	\$25,000	5%	\$25,000	5.6%	\$25,000	4.5%
Selling Expense (Fixed Portion)	\$1,000	.2%	\$1,000	.2%	\$1,000	.2%
Distribution Expense (Fixed Portion)	\$15,000	3%	\$15,000	3.3%	\$15,000	2.7%
Other Fixed Expenses	\$5,000	1%	\$5,000	1.1%	\$5,000	.9%
Total Fixed Expenses	\$176,000	35.2%	\$176,000	39.1%	\$176,000	32%
Operating Income	\$19,000	3.8%	\$(500)	-0.1%	\$38,500	7%
Break Even Sales	\$451,282		\$451,282		\$451,282	

age of sales. The spread of the increase or decrease directly adds or takes away from bottom line profitability.

FLEXIBLE BUDGETING

Basic Retail P&L Example

The place to start is with your actual financial statements that you produce in your software system. From your P&L, identify which balances are variable expenses, which are fixed, and which are mixed. From there you can use a spreadsheet to create a contribution margin financial statement similar to the one shown above.

Enter your master budget numbers. This is your most likely scenario. In the example, monthly sales are targeted at \$500,000. It 's also important to note here that many businesses experience seasonality, so master budget sales numbers often should differ from

month to month. After sales come variable expenses. Start with cost of goods sold as that is the largest variable component in retail. F rom there you can see your target gross margin. After gross margin, enter your other common variable expenses such as commissions. Here I lumped all the other variable costs in one category. You can separate the individual costs out if you deem them to be of material importance.

Subtracting total variable expenses from sales gives you your contribution margin and resulting contribution margin ratio. Contribution margin percent shows the percentage added to net income once fixed expenses are covered. So here, once the business is over break even, every \$1 increase in sales adds \$.39 to operating income.

After contribution margin, all fixed expenses should be subtracted. This

"So, what would happen if your master budget projection is not correct? Well, let's find out. That is what Flexible Budgeting is for!"

results in the net operating income for the month's sales.

If you are creating a contribution margin statement, take the next small step and figure your break even. As explained in my article in F urniture World on "Break Even for R etail", the formula is: Break Even Sales \$ equals Fixed Expenses divided by Contribution Margin Ratio.

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FLEXIBLE BUDGETING

Note: You cannot figure your breakeven properly without a contribution margin financial statement.

So, what would happen if your master budget projection is not correct? W ell, let 's find out. That is what Flexible Budgeting is for!

Look at the example again. In the center column to the right of the master budget, we have two Flexible Budget scenarios: the first flex sales at 90% of the master while the second flex sales at 110% of the master. Look at the variable expenses as a dollar amount - they change. However, notice the ratio (percentages) to sales? They are exactly the same for all scenarios. That is the nature of variable expenses. While changing sales levels, variable expenses have no additional impact on profitability. Contribution margin is exactly the same.

Now, look at the fixed expenses of both the 90% and 110% flex scenarios. Here the dollar amounts do not change because they are fixed. But, the percent of sales amounts change due to the decrease and increase in sales. You can see that in the 90% flex scenario the fixed costs are higher as a percent, and all profitability has been eroded. Alternatively, in the 110% flex, a healthy profitability is reported. Although not shown in this article, these results are also taken further and compared with balance sheet projections and extrapolated for outcomes of cash flow levels, and inventory and payables ratios for example.

The break even in all three scenarios, the master budget, the 90% flex, and the 110% flex are identical.

"Take surprise out of the equation. Study the variable and fixed nature of your operational costs and plan for various scenarios."

The BIG lesson here is... Stop guessing! Take surprise out of the equation. Study the variable and fixed nature of your operational costs and plan for various scenarios. This will maximize your chances of success and allow your operation to grow more profitably.

David McMahon is a Management Consultant for PROFITconsulting and long -time writer for F urniture W orld. Please feel free to contact him if you want help improving your business. davidm@profitsystems.com.

RETAIL STORIES

Part 9: Furniture retailers share interesting stories of growth, hardship and their strategies for success.

by Janet Holt-Johnstone

onnecticut, a state renowned for enterprise and forwardthinking, adopted its first constitution in 1639, fifth of the original 13 states. And citizens appear to come by their reputations for optimism honestly, based perhaps on the 1662 grant from Connecticut's original Charter, its boundaries stated to extend to "all the land to the South Sea", otherwise known as the P acific Ocean!

Similarly buoyant hopes could have motivated the Lodato family 57 years ago when they saw that Interstate I 95 was under construction and many distinguished old houses were slated for demolition. Opportunity beckoned!

UNITED HOUSE WRECKING

Third generation R oss L odato shared the family story. "In 1954, our

brothers, Phil and John and his brother-in-law, R ay, established United House Wrecking, Inc. As they earned a living demolishing homes, they learned there was interest in the salvage from their projects. Lumber, windows, old brick, doors, old fireplace mantles and architectural features were just some of the items which they began to salvage at their 'yard'.

"As time passed, their business created areat interest for all sorts of potential customers. Homeowners doing renovations, builders, as well as decorators, all came to this place nicknamed the 'junkyard with a personality', this unusual place where hundreds of people came each week to see what was new. They 'd heard so muluch about United House Wrecking and had to see it for themselves.

"We have fond memories of the

were allowed to work there as kids.

"They made it their Saturday morning adventure, to come for free coffee and rummage through what we'd salvaged that week."

- Ross Lodato, United House Wrecking

There were many of us, each with different job responsibilities. Whether it was cleaning the five acre parking lot, or helping in assembling 'olià' Yankee

One Man's Trash Is

Another Man's Treasure



1954, the Schuyler Merritt Mansion (pictured at right), torn down by hand to make

way for 1-95.



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The United House Wrecking complex includes the new Design Center (above). Also pictured is the outdoor water feature showcasing patio furniture (left), the farm table area (right) and indoor patio showcase area (below).

In the Design Center, "customers could buy interior and exterior furnishings, both antique and reproduction, in one location, antiques as well as Oriental rugs, sofas, window treatments, etc."

- Ross Lodato, United House Wrecking

Stadium seats, sorting the porcelain street signs from New Y ork City, burnishing strap hangers from NY C subway cars, or just making coffee for the customers, there was always work to be done. We saw some of the same customers every weekend. They made it their Saturday morning adventure, to come for free coffee and rummage through what we'd salvaged that week. It was a real special place.

"In 1969, the brothers decided to stop wrecking and concentrate on selling items salvaged from demolition jobs. Other wreckers were not interested in having a retail site, so we purchased from all of them and became the purveyors of everyone's salvage. The place became so popular I can remember two policemen came on Saturdays, just to direct traffic. If you

didn't arrive before 1:00 p.m., there'd be no place to park. P eople came from everywhere to see such an unusual business, it was a tourist destination! It was a special time in our lives. We were so proud to be associated with our family business. We were living the 'American Dream'!

"The business grew to include reproduction items as well. W branched out to concrete planters, statues, baker's racks, furniture, lighting and so much more, a place where one could come to find unusual items, both old and new . Years passed with great success.

"In the late '80s, Dad's brothers planned to retire and sell the land. But Dad wanted to keep the business going. He found a two acre parcel, still in Stamford, Connecticut. His

dream stayed alive. He was proud of his new location. It gave the company a chance to start fresh. But, of course, it meant more work, establishina recognition.

"Our cousin, Andy, who grew up in the business, became his general manager, and my brother , Mario, a Loyola graduate, was part of the everyday operation of the business. My degree from Villanova was in civil engineering and I had been employed since college in my uncle's construction/development business, so I assisted in the planning and renovation of the new location. In the passing months, I felt a need to help Dad in this new venture, so I came aboard in the fall of 1988.

"All was well until 1993, when Dad was diagnosed with brain cancer. We had great hopes that he would beat this dreadful disease. It was difficult to imagine this business and our world without this wonderful man as part of it. He battled his illness without ever a complaint or question 'why ' until August of 1994 when he passed away We had already been running the business, but life just wasn 't going to be the same ever again. There was a void in our hearts that would never be filled. At this point, I think my mission to keep the business alive was driven by the anger inside me; why was such a good man taken so early in our





Photo taken in 1987 and feature in the Stamford Advocate a the grand re-opening. Pictured is Ross Sr and his wife Eleanor.

lives. He was just 67. I knew how important the business was to him. Now it was our turn to carry the torch in honour of Dad and our uncles who had started this company.

"Over the years, House W recking had built such a great reputation. It was featured many times on TV and often in newspapers. The walls of our office today proudly display many of the articles. As we enter , we are reminded every day of the great legacy left in our hands. The responsibility is sometimes overwhelming with challenges.

"A large photo of our Dad, Ross Senior, is also on the wall. He's no longer with us physically, but is in spirit every day. His memory helps in all our daily decisions. Dad taught us well. A man of few words, he was a person everyone loved and trusted. A man of his word, a handshake was all you needed, as strong as a contract. So loyal and humble. We still hear kind words about him from many customers.

"Dad taught us to work hard. 'DO YOUR BEST! was his advice to us. A man who led by example, he'd say , 'Don't ask anyone to do anything you wouldn't do yourself.' Our Mom and Dad prepared us well. W e were part of a true family business, where sometimes family was just as important as the business itself. Maybe that's where our Italian roots began to show!

"In late October, 1994, I began to travel in search of new imported products. My first trip involved 13 flights in 14 days. I was in the Philippines, Indonesia and a bunch of places in between. I travelled and purchased items all over Europe, buying old as well as new products. In Asia, I found items never seen in the U .S.A., and every trip was more successful than the last. Over the next 10 years, we became serious importers from 13 different countries. We had so much stuff coming in every month and, thank God, so much going out! Our network around the world was very strong. I kept this up until the econo"People come to us in the hope of 'finding something different'! This was it! This was significant! This was the 'eureka moment'! Our motto became 'furnishDIFFERENT'."

- Ross Lodato, United House Wrecking

my fell, and the formula didn 't work anymore.

"In 1998, Philip L odato, Mario's son, came aboard with us full time. He represents the third generation in the business. With his computer savvy, Phil took the role of Director of Communications. His responsibilities include maintenance of our website, weekly e-mail blasts, press releases, social media, advertising, etc.

"In 2005, we built a 13,000 square foot addition to house our new Design Centre. It gave us both the opportunity to hire designers, and a new location to showcase our wares in a different way . Now we could compete with traditional furniture stores, a location where customers could buy interior and exterior furnishings, both antique and reproduction, in one location, antiques as well as Oriental rugs, sofas, window treatments, etc.

"Our outdoor display areas feature statuary, fountains, patio furniture,





Photos from the 1960s when United House Wrecking was active in the salvage business.

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Shown is a mini carousel (above left), mantle area (above center), home office area and new indoor patio showcase area



"We don't look for 'home runs' anymore. We look for hits which add to 'runs'. We believe that we create our own destiny."

- Ross Lodato, United House Wrecking





planters, even seasonal flowers and plants. We recently built a new indoor patio showroom as well, so our customers can shop in comfort rain or shine.

"Our product diversity became a strength for us and a challenge as well! We found that it takes hard work to be everything to everyone. We had to be really focused. You must always have on hand what you are known for supplying, yet always search for unusual things. It's what is expected of

"Today, as the next generation, we

carry the great responsibility of continuing the business. Being true to our business and evolving with the needs of today 's customers has been the greatest challenge, not to be taken lightly. Recognizing the fact that our company must change is important. However, more important is the decision of 'how' it should change. Our history was and is of great importance to us. I believe it has created our passion for what we do, and drives us all to work so hard to make our business the best it can be!

"Although we no longer demolish houses, our family business has evolved into one of the most unique shopping destinations for home décor. A customer will discover everything here for their home, the 43,000 square foot showroom store, the additional 20,000 square foot display of outdoor product on the exterior of the building where old items are displayed with new, and our full service design centre, staffed with qualified designers to assist in beautifying and stylizing homes. It 's a relaxed family friendly setting where the entire staff is non-commissioned and the inventory changes literally every day.

"Famous people have and do shop here; the staff recognizes them best.

To mention a few: Ron Howard, Gayle King, Geraldo Rivera, Bobby Valentine, Kathy Lee Gifford, Charles Grodin, Susan Sarandon, T Robbins, Bill Evans, Richard Gere, Cyndi L auper, Whoopi Goldberg Michael Bolton, Barbra Streisand, Bill Paxton, Paul Newman, Joy Philbin... and so many more!"

We asked about House W recking's "eureka moment". Said R oss, "Ours occurred on the day when, as a leader of this company, I realized we might not survive unless we made the difficult decisions to effect changes in our business model that would be effective in the long term. I understood that even though we'd been around for so long, it didn't insulate us from market conditions that were changing rapidly. I felt in my heart that things might never be the same again.

"Humans are creatures of habit. So asking staff to do things differently is never easy. I just knew it was time for us in retail sales to stop feeling sorry for ourselves, stop waiting for things to get better and do something about it. Once I explained to my staff the reasoning behind the changes, they were understood and well received.

"My next mission was to analyze our

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RETAIL STORIES

entire business model. I had to consider what we sold, how we sold, how we purchased, where we purchased, how much was being purchased, how much we stocked, how we operated (procedures from how we answer the phone to how we loaded cars and everything we do in between), so much more. Everything we did was up for review.

"Most important was asking ourselves the vital question, 'Why do customers need to come to us??' Each time I asked this uncomfortable auestion, which I did often because I realized its magnitude, I was given the same response. People come to us in the hope of 'finding something different'! This was it! This was significant! This was the 'eureka moment'! Our motto became 'furnishDIFFERENT'. It heads up every page of our website. This is what we had to strive for and still strive for today. Not a day passes without thoughts of how we can be a better company."

We asked about a "special time" in House Wrecking's history from which the industry might learn, or find interesting. Ross answered, "I believe the last five years or so have been pretty special. I say that, not forgetting that they've definitely been the most challenging years for all of us. W know how the marketplace has changed. I think our abilities have

been tested. It has been a time period that has separated the weak from the strong. We've decided to stop waiting for things to get better. We've made tough decisions and tough changes which we hope strengthen our positions in our industry. We constantly look to improve what we do. Never do we take for granted the blessings we have. The opportunities and ideas, some good, some not, all blessings. We realize now that doing nothing is giving up. We don't look for 'home runs' anymore. We look for hits which add to 'runs'. We believe that we create our own destiny. Hard work has never killed anyone... I think?! If an idea doesn't work, try something else. It's all about trying new things today. Not everything will work and no 'one thing' will be the answer.

"I always laugh when I say that as a small business owner I never have a day off, and this crazy business is on my mind 24-7. However, there's no better satisfaction knowing that I carry on the legend of such a special small family business with pride and devotion to those who began it in 1954. When asked if this is my business, my favourite answer is that it was my Dad and his family's business. They planted such good seeds for us. My responsibility is taking care of them. I must admit at times I find myself giving it 'Miracle Gro'! To be successful

today, an owner has to have real passion for his business. W ithout it, who knows how long he'll last."

We asked R oss if there were any issues that stand out amongst all others that ensured the success of House Wrecking, benefiting both customers and the community at large. He answered, "Our realization that our company had to be at its best (every day) in regards to customer service is one of the most important commitments we make today. We always felt we had good customer service. However, we needed to feel we'd made every effort to serve above the expectations of our customers and consistently give that level of service. We strive to be better than the rest. We stressed the importance of each person in our company 's role to overall success. From the way we answer the phones to the way we assist loading customers' cars, it 's all important to the overall experience of shopping at our store. It 's all about consistently doing the small things other firms don't want to bother doing motto is simple. P ut yourself in the shoes of the customer . Ask yourself , how would you like to be treated? Our actions should follow this simple



Design Center

Ross Lodato, Sr. pictured in a 1987 newspaper article leaning on a Sicilian wedding cart.





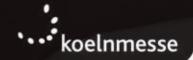
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rule. Treat them like family. When this is accomplished, the result is something to be proud of."

It's a natural that House W recking would have heavy involvement in community activities. Their outreach includes the Bennett Cancer Centre, olice Dogs, Junior Achievement, the Red Cross, Stamford Hospital's Mobile Mammography Programme, the Sexual Assault Crisis and Education Centre, and a poker night and silent auction for Hadassah's neo -natal incubators for Israel. Close to home, Home Wrecking is now making their Design Centre available to "put a new spin on venues for charitable events". If any sales should occur during these gatherings, the company donates 10 per cent of all revenues.

If you should find yourself anywhere near Stamford, there's an open invitation to come visit. If that 's impossible in the near future, get acquainted on their truly intriguing website, www.unitedhousewrecking.com. Look particularly at "Meet the Family". You'll see Ross, Mario and Andy, plus their incredible, dedicated staff, each with her or his own interesting stories. United House WronishDIFFERENT!"

SLEEP COUNTRY USA

The entrepreneurial spirit was and is just as strong on the west coast. Seattle, W ashington, is the Northwest's major sea port, the scenic gateway to trade with Asia, and only 110 miles south of V Canada. Seattle was founded in 1853, and experienced the boom and bust of the lumber industry Klondike Gold R ush, and the shipbuilding surge that reached its peak in World War I. Jim Hendrix and arunae made the Seattle scene and, in recent years, Boeing, many technology firms, Amazon.com, Starbuck 's, and UPS, amonast many others, settled in Seattle. Interestingly, the city claims the highest percentage of university graduates in the U.S.

Undoubtedly influenced by this multi-faceted corporate effervescence, Sunny K obe Cook and Bob Cook founded Sleep Country USA two decades ago. They opened with eight stores and 25 employees. This year, Sleep Country marks its 20th anniversary with an amazing 75 stores and a team of 350 employees. The "number one mattress store in the Pacific Northwest" spans the region, north from Bellingham, Washington, to the southern part of Oregon in Eugene.

In the fall of 2010, the company 's steadfast commitment to employee satisfaction led to the commendable implementation of its Employee Stock Ownership Plan, becoming one of the very few employee-owned companies in the nation.

Beginning with the forward-thinking Cooks, Sleep Country has operated under various ownership structures. The Cooks sold to a venture capital firm, afterwards to a corporation, then to a single owner who sold a portion of the firm back to its employees through the ESOP. "During these various ownership structures, our company experienced the two most common management styles," said CEO Dale Carlsen, "bottom-up, meaning employees up to the management

"Having this understanding or 'eureka moment' demonstrated the importance of the company being run from the bottom up with the employees playing an integral role in the strategy and decision making process."





Sleep Country USA inventories top quality, brand name mattresses as well as premium adjustable beds, futons and wood and metal accent beds.



team and top-down, when employees received orders from executives without consideration for their input and interest.

"During periods of top -down management, team morale suffered. We found that the people we hired to sell and deliver our product, connect with our customers and be responsible for sales success, had become too far removed from the corporate decision making process. Having this understanding or 'eureka moment' demonstrated the importance of the company being run from the bottom up with the employees playing an integral role in the strategy and decision making process.

"Complementary to our 'eureka moment', we recognized the influence our employees had on the overall success of our business. To further incentivize employee feedback, participation and input, we determined that creating an opportunity for employee ownership in the company was the next step. Undergoing the rigorous process of setting up an ESOP , we transferred 25 per cent of the company ownership to the employees in September of 2010.

"Accompanying this transfer , we increased our employee engagement, creating new opportunities to interact with our team and to a large extent, establishing a demand for employee

input as the new owners of our company. This included annual retreats with the strategic leadership team, annual roundtables in each market where all employees are present, deep-dive brainstorm sessions, flash polls, checkpoints during the year and a reiteration of our open door policy. Creating an ESOP cements our commitment to our employees to remain a bottom-up company and affirms to them that their ideas and input are so important to us that we've made them an owner.

"We are very proud of our history of fulfilling a need for quality sleep products in a growing market and successfully engaging the community. We've





The website expands the knowledge opportunity to include "Sweet Dreams Podcasts and Articles", like "Mattress Myths", "Big Kid Bed" and "What to expect from your new mattress".

created a brand that has become a household name with a jingle that nearly everyone can recite." (" buy a mattress anywhere else!")

Sleep Country USA inventories top quality, brand name mattresses from Serta, Sealy, Posturepedic, Simmons Beautyrest, Stearns & Foster and Tempur P edic, as well as premium adjustable beds, futons and wood and metal accent beds. The company emphasizes customer service and satisfaction with a Money Back Comfort Guarantee and F ree Same Day R ed Carpet Delivery Service.

Part of the corporate philosophy involves the obligation to properly educate the consumer . Sleep Country's website is an excellent tool, www.sleepcountry.com. The "Learning Centre" offers answers to questions

about construction and terminology. It expands the knowledge opportunity to include "Sweet Dreams P odcasts and Articles", like "Mattress Myths", "Big Kid Bed" (just when your toddler should araduate from her/his crib to the next level!) and " What to expect from your new mattress". They even enlighten you about mattress sizes, back pain, the dreaded snoring partner and bed buas!

The 20th anniversary marks 2 decades of giving back " to Sleep Country's various communities. In the early years, gently used mattresses were donated to St. Vincent DeP aul. "We created the new programme to focus our charitable efforts on one very important social cause, foster children. By doing this we significantly increased the impact of our charitable efforts, providing organizations that support foster children and foster families in our region with donations of important items like clothing, coats, shoes, school supplies, pajamas and holiday aifts, as well as tickets to fun events and theme parks, and more than \$500,000 in cash for summer camps, music lessons, tutoring and counseling.

"For our community , the Sleep Country Foster Kids programme has become the voice for the more than 20,000 foster children in Washington and Oregon, telling their story and relaying their needs. The programme has been instrumental in transforming how our community thinks about foster children and provides them with a way they can help these kids, positively impacting their lives and giving



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our name, but the community respected our closing. Most of the people actually congratulated us on our sixty years and were very thankful that we were in this community. I don't think this would have happened if we hadn't found PFP. I would highly recommend PFP. I really appreciate everything they did."



Gina Bruno-Dunn Bruno's Home Furnishings Oklahoma City, OK

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New Northgate Seattle, WA (left), and Olympia, WA stores.



"For our community, the Sleep Country Foster Kids programme has become the voice for the more than 20.000 foster children in Washington and Oregon, telling their story and relaying their needs."

- Dale Carlsen, Sleep Country USA

them a chance for a better future."

Janis Avery, of Treehouse for Kids, a non-profit organization dedicated to foster children advocacy, said, "Sleep Country USA has become incredibly important to the cause, creating a long-term marketing commitment to raise awareness about the needs of foster children and urge action. The company's approach and emphasis on positive, action-oriented messages is inviting and attainable for everyone, making the general public feel they can really make a difference. F or us, the Sleep Country F oster Kids programme has translated into growth for our organization and has a powerful impact on the lives of these children and their families."

For customers, it offers another way for them to engage with the Sleep Country brand and the opportunity to do so more often than they might during the mattress purchase lifecycle. It's

also made easy for them to give back to the community through the program by "hosting their own drive" and donating collected items to a store or making a donation online.

Said Carlsen, "The Sleep Country Foster Kids program has received acclaim for its results, including the National Daily P oint of Light Presidential Award and regional recognition. Creating this award-winning program and experiencing its profound effect on individuals and the cause as a whole has also been beneficial to our team, fostering a sense of team building and community involvement."

With an eye toward the next 20 years, he said, "We're excited for the future of Sleep Country USA, as we plan to expand throughout the Pacific Northwest and other regions. As an employee-owned company, we are focused on employee satisfaction, providing customers with the best selection of innovative sleep products currently on the market, offering remarkable customer service, and increasing our impact on the community through our F oster Kids program."

NEXT ISSUE BELFORT FURNITURE

Another firm with its own unique approach to the community in which it flourishes is Belfort Furniture of Dulles, Virginia, founded in 1982. Belfort 's CEO, Michael Huber, will recount its absorbing history and discuss outreach involving the American Cancer Society, Loudoun Abused Women's Shelter, Embry Rucker Shelter, ECHO (Every Citizen Has Opportunities), YMCA L oudon County, Be Green, Education F oundations and City of Hope, Washington, DC.. P art 10 of Retail Furniture Stories. Don't miss it.

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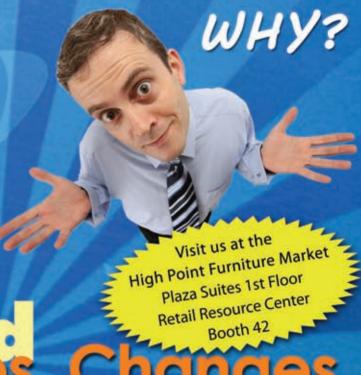




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EDIA MIX MAGIC

Part 1: Create a killer mix of media that will leverage maximum sales and profits.

PEOPLE MEDIA

by Larry Mullins

hen it comes to media, following the leader is a certain road to mediocrity. Some media are grossly overrated by the "experts." Other media that could help you may be underrated or discarded altogether. If you track this series of articles, I will show you how to use your ad dollars to create a media mix that works to increase traffic and cash flow.

First of all, understand that a medium delivers a message. That's all it does. There are no "good" media and "bad" media. There are situation-appropriate media, and media that are situation-inappropriate. When someone suggests the latest social media fad will solve all your media problems, don 't believe them. When someone tells you that all you need is radio, or that ROP newspaper doesn 't work," or direct mail never works, run, don't walk for the exit. F or maximum results in your market, there are only strong, effective, evidence-based messages delivered in a timely, appropriate way. These messages may be delivered by a single medium, or a combination of several media. This does not only apply to independent home furnishings stores; it also applies to franchise stores that have some control over their media mix.

MEDIA'S BIG SIX

There are six major media categories we will consider in this series. Each has its pluses and minuses for the home furnishings marketer:

- Newspaper preprinted inserts.
- ROP newspaper advertising.
- Direct Mail.
- Radio.
- Television.
- Websites and Internet.
- People media.

All other things being equal, how well each of these mediums performs depend upon one factor: the power of the media mix to deliver graphics and/or the spoken or written word to articulate your Unique Selling Proposition (USP) in such a way that it answers the prospect's primary concern: "WHAT'S IN IT FOR ME?"

Why is this important?
Because, a prospective customer will want to deal with you only to the extent that they see a unique advantage in it for themselves.
The better you are at answering the WIIFM? question (compared to your competition), the more market share and business you will get. If you and your competitors are equally weak in your presentations, then the playing field is leveled. If you are brilliant in articulating your USP regardless

of the medium, however, you will leave competition fumbling in the dust.

"FUSION FACTOR" AND YOUR USP

In a print ad, the power begins with the headline. A well-fashioned, benefit-rich headline can out-perform a weak headline by a factor of ten or more. If you can legitimately SA Y something your competitor cannot say, and you neglect to do it, your competitor will rejoice. Moreover, if you can SHOW something that vour competitor cannot show and you fail to do it, your competitor will rejoice even more. But if you learn to leverage with the "Fusion F actor" you will make your competition irrelevant. The Fusion F actor is one of those powerful principles of effective, evidence-based advertising that has been generally lost on "modern" ad people. Y et, when I explain it you will see that it is so self-evident that it is astonishing that very few ad people are aware of it.

Home furnishings preprints and flyers are almost exclusively price-item presentations. The problem with price—item offers has always been the same. If a lady is shopping for a living room group and she sees a hot price and a beautiful full color illustration in a flyer, but she doesn't like

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Laura Crowley Crowley Furniture Independence, Missouri







Myth About Print Media

MYTH: "People do not read long copy anymore." Perhaps not. But prospects will. And prospects will read a lot of it, provided it is good, service-rendering copy.

The Lifelock page at left ran in the Wall Street Journal recently. (The open rate for a page without color is \$209,114).

The headline is brilliant: "By the time you finish reading this, 79 people could have their identities stolen and you'll know how to avoid being one of them." A great headline can out-produce a weak one by a factor of ten or more. So what has this got to do with selling home furnishings? See below how a brilliant entrepreneur adapted this one to a mattress promotion.

the design, you have lost her. So the big boxes attempt to flood the market with as many different designs and offers as they can. In most cases they use label headlines and weak copy They may brag about a huge selection, but all they illustrate is vignettes

"Gina did two months of remarkable record-breaking business while she got her store ready for a Grand Re-Opening Sale and the resumption of regular business."

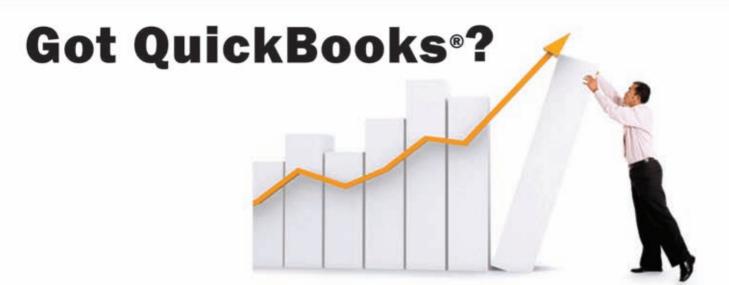
of groups, or single items. The little store down the street can rejoice because he or she can also show manufacturer illustrations and do price-item offers in his ads just as effectively.

The big box could show dramatic concept shots of their showrooms, but they do not. There are too many different showrooms involved and the copycat strategy of inundating the market with price item offers seems to work. And herein lies a huge opportunity for the smart independent.

What do women want? Selection for sure. So a headline that states: "30,000 square feet of famous brand bargains" that is illustrated with a dramatic showroom shot can be unique and very effective. There is an instant fusion between the headline and the illustration. Big box preprints and flyers are prepared in great haste by technicians who are good at what

they do but who have no concept of evidence-based, effective print presentations. W ith all the talk about "branding," very little concept is presented in big box flyers. So take home this principle: Show things and say things your competitors cannot in every medium you use. It may be true that TV is potentially most effective and dramatic in establishing a brand, but it is also cost-prohibitive to dominate the fragmented TV market. All media should reflect your brand, not just TV. Walt Disney originally established the Disneyworld brand almost totally by means of People Media, the most powerful, most underrated, and least understood advertising force ever discovered. More on this in later articles.

Newspaper Preprints. This has been the favorite medium for home furnishings for some time, and for good reason. A full color preprint brings furni-



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MEDIA MIX MAGIC

ture to vivid life. Unlike TV prospect can linger over the offers. The reproduction is much better than ROP newspaper advertising . The downside for independents is the cost, and the growing clutter (especially on specific days) in many markets. Unfortunately, most independents who are able to produce their own preprints tend to copy the big boxes. They use label headlines, price -item offers, nealect articulating benefits, and fail to brand with personal messages, creative graphics, illustrations, and USP factors that their competitors cannot answer. Social media is fine, but why confine it to the internet? Why so few personal messages and fascinating home furnishings stories in

preprints? It seems as though the ad departments and merchandisers helieve that all women care about is price, price, price! These failures to leverage the power of preprints are also in evidence in ROP advertising.

Newspaper ROP Advertising . I am going to use the rest of this article to address newspaper advertising because it often gets a bad rap. One of the myths I have heard is that "no one reads the newspaper anymore." It is true that the readership of newspapers has drastically declined, especially among the young . However, a large segment of the older population still reads the paper. And, it should be noted that the over 40 group controls

most of the buying power . They are also most likely to buy better home furnishings. ROP newspaper ads are also very effective in augmenting preprints. A preprint insertion begins to run out of gas after a week or so, and it is a proven fact that well- crafted "final days" ROP ads will turbo charge final results. Some savvy big box entrepreneurs do use ROP in this manner, independent of their corporate programs. Their ROP efforts also use strategies that augment their hometown status and appeal.

There is also another very important value in ROP Newspaper. Immediacy.

ROP newspaper can do something that no other mass media can achieve



What Do You Do When the Water Pipes Burst and Flood the Showroom?



We regret the

Don't panic! See how one store manager quickly booked a page newspaper ad for the weekend, just a few days away. She then took digital photographs of the situation in her store. She bought radio time. By the time the weekend arrived, she had a powerful newspaper ad in the paper, strong radio commercials, special sale tags, signs for her windows and a barebones strategy for the next eight weeks.

as cost -effectively: It can turn on a dime. The only exception is radio. In fact, a combination of radio and ROP can convert a catastrophe into a victory.

A DISASTER TURNS INTO RECORD SALES MONTHS

Last February, the manager of a big box store in a western state was awakened by a phone call very early one morning. (W e will call her Gina.) Disaster had struck her store. Here is the way she described it: "I knew it was forty below zero outside. But I did not expect our sprinkler system to rupture! My jaw dropped when I saw what had happened to our beautiful store. Nearly twenty -five percent of our furniture suffered some degree of water damage. Special crews of restoration experts were soon at work drying and refreshing the merchandise. But the showroom was in chaos. furniture and mattress sets were stacked everywhere. I felt lost."

Many entrepreneurs are feeling lost these days. It is tough out there. Being lost in a situation such as Ginás (or in a deep recession) is almost like being lost in the wilderness. Unfortunately, most people who get lost in the wilderness give in to fear. They fail to do the one thing that could save them. They fail to think. They are frozen in the headlights. There is an old adage by the famous psychiatrist, Alfred Adler: " Trust only movement." Gina thought things through and she began to move. F irst she got authorization from the local owner of the franchise store to take action.

Next, Gina ordered a full page newspaper ad for the weekend, just a few days away. (See exhibit on page 38). Then, in a flurry of activity, she took digital photographs of the situation in her store. She bought radio time. By the time the weekend arrived, thanks to the internet, she had a powerful newspaper ad in the paper , strong radio commercials, special sale tags, signs for her windows and a barebones strategy for the next eight weeks. There followed three full weeks of "P re-Renovation Emergency Blowout," and then a "R enovation and Ultimate Selloff ." Gina did two months of remarkable record-breaking business while she got her store ready for a Grand R e-Opening Sale and the resumption of regular business.

I know of no other media that could have gotten Gina 's story out to the public as quickly and as cost -effectively as ROP newspaper and radio. The corporate management of this particular big box chain is wise enough to allow franchise stores the latitude to outsource advertising creation when time frames make it necessary. This leads to another weather related story that took place a couple of weeks later, and a thousand miles away. This event took place in a rural area of Minnesota.

PRESIDENTS' WEEKEND SNOWED OUT IN MN!

It is virtually unheard of for Minnesotans to be stopped cold (literally) by the weather. But it happened last February. Coincidentally, this story is about another big box store, one belonging to a different chain. On Presidents' Weekend, record snowfall and high winds impacted the state. The Minnesota Department of Transportation recommended no travel for the southern half of the state due to high winds and heavy snow 700 flights were canceled. 323 automobile crashes were reported statewide from 9 a.m. to 10 p.m. High winds and freezing mix made some areas impassable.

Of course, the big sales volume the y hoped for on P residents' weekend never happened. What to do? The



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"Most independents fail to brand with personal messages, creative graphics, illustrations, and USP factors that their competitors cannot answer. "

DIRECT MAIL

MEDIA

RADIO

local owner of a top -producing big box franchise in a rural area of southern Minnesota acted quickly. By the next weekend (thanks to the internet and F edEx) a "Snow Emergency Presidents' Day Extension" ad was created in the newspaper, plus supporting radio, point of purchase tags, signs etc. (See exhibit.) This brilliantly managed franchise store regularly uses newspaper and radio on a local level to augment the corporate efforts of the chain. In a rural market area of less than 20,000 people, the franchise regularly produces \$400,000 or more a month in profitable business.

Aside from the immediacy factor and the proven ability to leverage the longevity and local appeal of a preprint, there is yet another compelling reason that newspaper ROP should be part of your advertising mix, whether you are a franchise or an independent home furnishings store. Preprinted corporate flyers lack warmth, personality, and the ability to connect on a local level. A local newspaper can use illustrations of the hometown store and its personnel, and offer limited stock "door-buster" items to augment corporate merchandising. Too often, there is an enormous amount of local store innovation and creativity that is stifled by restrictive corporate policies. A common complaint I hear from franchise stores is this: "Unless the idea originates in corporate, they quickly discard it." Control is important, but there is an alternative to crushing local initiatives and innovations.

The next great leap forward will be the big box corporation that scans its franchisees with the goal of finding the top producers and seeing what makes them tick. They will study these successful stores to make sure the

owners respect and understand the corporate brand and that their advertising efforts are in compliance with FTC regulations. These top producing stores would become the prototype models for the other stores. Top performers are the creators, the innovators, the leaders, and the best of the best. My mythical home furnishings big box corporation of the future will use these ideal models to create a Home F urnishings University, the equivalent of McDonald's famous "Hamburger University."

This HF training center would conduct regular classes for other franchise locations. That big box would vault ahead and be very hard to catch. This is the technique of leaders training leaders that is used by the military. And this is why the late P eter Drucker, the father of modern mangaement, declared that the U.S. military was the best in the world at training leaders. Not the Harvard Business School, or IBM, or P Gamble. The U.S. Military.

In Part Two of this series, we will examine Direct Mail, R adio, Television, Websites and the Internet. Then we will show how to create a killer mix of media that will leverage maximum sales and profits.

Larry Mullins is a contributing editor for F urniture W orld and has 30+ years experience on the front lines of furniture marketing. L arry's mainstream executive experience, his creative work with promotion specialists, and mastery of advertising principles have established him as one of the foremost experts in furniture marketing. His turnkey High-Impact programs produce legendary results for everything from cash raising events to profitable exit strategies. His newest books



ROP Newspaper and Radio combined to save Presidents' Weekend for a Chain Franchise store in rural Minnesota, Read all about it in this article.

are, "The Metavalues Breakthrough" and "Immature People With Power... How to Handle Them ", have recently been released by Morgan James Publishing. Joe Girard, "The World's Greatest Salesman" said of this book: "If I had read L arry Mullins' book when I started out, I would have reached the top much sooner than I did." L arry is founder and CEO of UltraSales, Inc. and can be reached directly at 904.794.9212. See more articles by L arry at www .furninfo.com or www.ultrasales.com.



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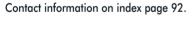


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BEST SELLING DESIGNS









Mega Motion

The LC-502 Media Chair brings the excitement of the theater or stadium to the home. The independent accessory wedge provides two cup holders and ample storage space. It incorporates a patented power lift and recline system for maximum comfort.

Contact information on index page 92.

Dinec

This corner unit, made of solid birch, is ideal for areas with limited space. Like all models in the Expression Collection, it has been built to allow appropriate air flow for electronics and easy cable installation. Available in a multitude of colored finishes, leg styles, edges and hardware.

Contact information on index page 92.



Human Touch

"The Serenity" Perfect Chair takes relaxation and wellness to a new level by providing a warming and gentle massage therapy experience using jade stones and Serenity" Wave Therapy technology. The jade stones radiate far infrared heat up to three inches into the muscle tissue to create healing warmth that can be felt long after leaving the chair.

Contact information on index page 92.



Cambridge Mills

The 12 piece Cherry Creek bedroom collection is crafted of solid Adirondack Cherry. The soft contemporary styling features vertical carve outs on each drawer face that are accentuated by saddle-brown leather pulls. The dresser retails for \$1,499 with beds in the collection ranging from \$1,399 to \$1,899 at retail.

Contact information on index page 92.



BEST SELLING DESIGNS



Kathy Ireland Office by Bush Furniture

The Sonnet collection is styled with a majestic Umber wood veneer finish. Decorative French-style handles with copper accents are featured throughout the entire collection. Each modular piece can be configured to best meet a wide range of office, storage and entertainment needs.

Contact information on index page 92.



Loloi Rugs

The unique worn finish of the Atelier Collection is new to power-loomed rugs because of its intricate shading and color blending, which lends a soft, soulful feel not usually found in value-priced polypropylene rugs. Available in Patchwork, Aqua, Beige/Blue, Sea Green, Rust/ Ivory, Taupe/ Slate, Aqua Patchwork, Rust/Gold, Sea Blue and Antique Bronze.

Contact information on index page 92.



At the center of the "Haywood Firepit Chat Group" is a trendsetting octagonal tile-top portable gas firepit, that is easy to use and ads warmth and stylish instant ambience to any outdoor room.

Contact information on index page 92.





Kathy Ireland Home by Omnia

Providence is the newest addition to a line up of exciting products. Over 30 luxury fabric collages are available.

Contact information on index page 92.



Home Trends & Design

The 80" Chelsea Dlning Table is made from American Oak with a weathered finish and waterbase lacquer. Wrought-iron bases with powdercoat bluing complete this updated mid-century look.

Contact information on index page 92.





Bermex Division of BDM + Inc.

This contemporary dining group is made of North American solid Birch, available in 123 different finishes which can be combined. The table offers fifteen leg choices (in two different thicknesses) and seven base choices. The matching chairs are available as armchairs that are upholstered using webbing for additional comfort. The featured buffet has invisible handles on the edge close to the drawers. There are two shelves behind each door. All the drawers are lined with protective felt.

Contact information on index page 92.



BEST SELLING DESIGNS



Shaw

The Asher, Multi from the Newport Collection is a modern, yet timeless contemporary design. Machine Woven in the USA of 100% olefin. It is durable, fade resistant, and offers easy care and cleaning. Rugs are available in sizes ranging from 1'11" x 3' 2" to 9' 2"x 12' 11".

Contact information on index page 92.



Acme Furniture

The Anna Black PU Lounge Chaise with tufted look and Baseball stitching. Legs are in Espresso finish.

Contact information on index page 92.

Country View Furniture

The Lexington Shaker dining room is shown in Brown Maple with a tasteful Onyx finish. Shown here are a single pedestal round table, side and arm chairs, pottery and dutch pantries. The complete collection offers two-door, three-door, and corner hutches, as well as a sideboard and china pantry. Multiple sizes in round and rectangular tables and two chair styles are also available. Other woods include Oak, Cherry, and Quartersawn White Oak in over 20 stains.



Huppé

This contemporary TV base is made of Birch and is shown in charcoal finish. It is available in 20 additional finishes. The 59" base comes with an "L" shape top that extends to 104". The base includes a long drawer with recessed handles, a central divider and an open shelf. The base can be sold on its own, without the "L" shape top.

Contact information on index page 92.



D'ORO

"Apolonia" features three plush bustle back cushioning, deep seating and plump, layered pad arms. This collection is expertly crafted and richly detailed featuring top grain, hand rubbed and hand cut leather on all seating areas, with splits on outside arms and backs only. Other features include eight-way hand tied seating system and high density 2.2 HR foam with dacron wrap.

Contact information on index page 92.



Kathy Ireland Home by Vaughan Furniture

The Rustic Lodge collection offers artful detail, combines

September/October 2011 FURNITURE WORLD 47



Dreaming Of Better BEDDING SALES?

Part 3: Some Best and Worst practices.

by Russell Bienenstock

"Now, blessings light on him that first invented sleep! It covers a man all over, thoughts and all, like a cloak. It is meat for the hungry , drink for the thirsty, heat for the cold, and cold for the hot. It is the current coin that purchases all the pleasures of the world at small expense, and the balance that places the king and the shepherd, the fool and the wise man at an equal level." - Miguel de Cervantes, Don Quixote, 1605

f you 've just started to follow this Selling Better Bedding series and want too review past installments, you can find a discussion of changing consumer bedding demographics in the March/April issue of F urniture World Magazine. The July/August issue included ideas for selling with a plan, advertising, greeting customers and asking the right initial questions. Links to these articles can be requested by sending an email to editor@furninfo.com or by visiting the marketing management article archive on the furninfo.com website.

This time, F urniture W orld asked

industry experts to tell us some of the best and worst practices they see at retail, and to provide tips to improve performance.

WORST PRACTICE

Poor execution of corporate policies at the store level.

"A primary area that furniture guys and mattress guys don't do a good job with," advises Gerry Borreggine, Therapedic International's P resident & CEO, "is to create a comfort level for the consumer. There are a variety of things that can prevent that from happening. It can be the look of the store, the smell of a store, the location of the store, the cologne of a salesperson, music playing too loud or too low in the background – that 's unintelligible or offensive.

"It's the job of store management to establish the parameters and policies for a store manager to follow. You can have the greatest policy in the world... you can determine that smooth jazz is the best thing for consumers to hear when they walk into your store, but if the policy is ignored and the manager has

Rush Limbaugh playing, that can kill the sale for a customer who has a more liberal political outlook. The key is getting consistent implementation at the store level. It's great to have a policy for no smoking, but if in reality the store manager and areas of the store reek of smoke, nothing has been accomplished. It's one thing to have a policy and another for good management to make sure that policy is executed."

WORST PRACTICE

Inconsistent look and poor sales floor organization.

Many people start making their buying decision as soon as they walk through the front door, so it's important to stand back and take a look at the store and the bedding display as a whole.

"One of the first things consumers notice upon entering a store is consistency of look," says Stefano Marescotti, Chain Development Manager for Magniflex. "I am not speaking of the kind of consistency where you have the same mattress in soft, medium soft and firm models, but of look that provides

"you can determine that smooth jazz is the best thing for consumers to hear when they walk into your store, but if the policy is ignored and the manager has Rush Limbaugh playing, that can kill the sale."

- Gerry Borroggine, Therapedic International

consistency of image for the store as a whole. This was a principle we employed when I was involved in the creation of the Sleepy 's Fifth Avenue flagship store, that can be applied to any bedding retailer."

And beyond the initial look, the store needs to be merchandised in a way that isn 't confusing to customers or salespeople.

"The first key of merchandising is to have the product line-up make sense to your salespeople," adds Ira F ishman, Executive Vice P resident, National Sales for Anatomic Global. "If it doesn't make sense to your salespeople and they are running from one end of the mattress store to the other end just to show the next model up, that doesn 't make a lot of sense. The merchandising should be geared to not moving around all that much for customers

looking at specific types of products. And that can be organized by manu-

"Having the highest price merchandise in the front and the lowest priced merchandise in the back is about a simple a plan as you can probably put together, and quite a few retailers just follow that plan. This strategy can give customers sticker shock as soon as they walk through the front door and see three sets of four thousand dollar bedding, so it 's useful to mix in different kinds of products to avoid scaring off customers. And the last thing a store should do is have a customer looking for a meat and potato price point, say \$999 for a gueen, and then bring them to the back of the store and show it to them in a twin. I don 't think that's very good merchandising."

Owen Shoemaker, Sr. Vice President

"On the first bed you can make a big mistake in price. On the second bed you can make a mistake on the feel, but not on the price. On the third bed you show you need to get both the feel and the price right. "

- Stefano Marescotti, Maaniflex





of Product & Marketing Development at Comfort Solutions, Inc., observes that, "most retailers are taking charge of the retail environment so that they can have uniformity in their colors and coordinated imagery. They want everything to look nice and crisp and you can't blame them. There are also stores out there where the boxsprings are still in plastic, signs are everywhere and it's a mass of confusion. It 's important to keep in mind that customers want a bit of privacy, they want everything fresh and clean, they want an element of clarity in messaging around a product and they want to be able to relax and figure this thing out, because there is really a lot that the consumer doesn 't understand when they come in to the retail environment. So it 's very important to have point of sale organized and laid out well. Pricing on mattress products is big and bold sometimes. It's part of the retail display. And retailers should be aware that when their displays are all about the price, they are probably addressing what consumers think is most important -- how much money they can save, what 's the best bargain, and what 's the best value. But on the other hand, finding the right fit should be a major factor emphasized by the retailer in choosing the right mattress product."

WORST PRACTICE

Present too many options.

"Whenever I begin the training of new salespeople who never sold bedding before," notes P eter Marino, author of the Golden Rules of Selling Bedding. "I ask them to take a good hard look at the sleepsets on the floor. Then I say these words: ' Take a good look at all these mattresses and memorize that look because that 's the way they're always going to look to all your customers who see them for the first time.' I go on to explain to these beginners that in a short time those same mattresses will no longer look the same to them. Of course they won 't, because of all the features they 'Il be learning about each one. On the other hand, we all know that customers don't shop long enough to familiarize themselves with our mattresses as well as we do. To our customers, our mattresses must at times appear like so many geese on a pond or lake."

"A big mistake that many mattress retailers make is that their product presentations are too complicated," comments Magniflex's Stefano Marescotti. "If the retail salesperson provides too much information and shows too many models, it is retail suicide. Y make a mistake on the first bed but if by the second bed you don enough information to focus on the right bed for your customer, then you will end up being confusing . On the first bed you can make a big mistake in price. On the second bed you can make a mistake on the feel, but not on the price. On the third bed you show you need to get both the feel and the price right. If you go to a fourth bed, much of the time, you 've already lost your customer because you confused

"The key is getting good informa-

tion," he continues. " Ask them, 'what are you sleeping on right now?' Y ou can show them four beds of course, but try to get the interest and try to get more information on what the person needs. If your customer is looking for a bed for her summer home in the country used fifteen days a year, she is probably not going to be willing to spend the same amount of money as would be spent for everyday use.

"Play 'doctor'. Say, 'this is for your health and well being. Come with me, I have another solution. F eel this.' We always try to make them feel the materials that go into our mattresses. Once you do this... customers get a stronger attachment to the product. Then you can ask, 'what are you sleeping on now? How much did you spend the last time you bought a bed? How many years ago did you buy it?' By the time you ask the second or third question, the customer should already be on the first bed. And from that point on the whole goal is to see how well the product they are laying on will make them feel."

"We have over 60 beds on the floor in most of our stores," Cory L udens, Director of Learning and Development for retailer Mattress F irm told us. "And very few customers want to look at all 60. We believe that they should get to see the top and bottom and a few products in between. So we believe that customers should start at the top and work down because of the finite number of beds that people want to look at and also because the sales associate doesn't necessarily know what that

ONCE AGAIN . . . THE MAN WHO SET THE STANDARD EXERCISES HIS RIGHT TO RAISE IT.



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"They get tired and don't want to see any more. And if you start at the bottom and their limit is three beds they won't get to see the better beds."

-Cory Ludens, Mattress Firm

finite number is. It may be just three beds. They get tired and don 't want to see any more. And if you start at the bottom and their limit is three beds they won't get to see the better beds."

"There is some truth to the idea that showing too many sets of bedding can be confusing," confirms Ira F ishman, "but there is a difference between having a customer bounce from bed to bed without any instruction or reason. and approaching it in a somewhat scientific manner. The reality of it is that the salesperson should continue to

show mattresses until they find one that the customer really likes. And they don't always get that right off the bat. If you start with a rock hard innerspring and the person hardly gets down before they jump up, that doesn 't even count as mattress being tried. Really what you are doing is use the process of elimination to narrow down their choices, but the real process of choosing a mattress begins after the initial comfort testing. And some comfort tests are not necessarily for firm and plush. Some comfort tests are to determine whether customers might like a specialty or an innerspring product. And that might not necessarily be just two sets of bedding. You might be on three or four sets of bedding for a comfort test.

"There is no magic number regarding how many sets of bedding to show them, though it is important to narrow it down relatively quickly. When you've established a comfort level you might say to them, you can go up, you can go down, you can go sideways. Mention, 'this one felt the best to you. Do you want to go up, down or see something altogether different?' They might reply by asking, 'What's the price of this one?' If they want to go down from there, ask them what would be a comfortable price range. That 's the way you can find a price range as well as a comfort range. It 's important not to do it in a nasty way or make them





CONTOUR ADJUSTABLES











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800 874 7237 TF | 949 371 8101 PH help@anatomicglobal.com "Retailers should be aware that when their displays are all about the price, they are probably addressing what consumers think is most important -- how much money they can save." -Owen Shoemaker, Comfort Solutions

feel uncomfortable. No matter what number they tell you, you should be happy to show them something in that price range. Even if you don't think it's very good, you have to remain positive, because just because you show them a lower priced set, it doesn 't mean that they won't ultimately decide to buy the higher priced sets they previously comfort tested.

"Ultimately it 's the salesperson 's responsibility to know their craft," concludes F ishman. "Every one of those mattresses on your floor should have a purpose for being there. And at some point in time each one of them should be sold to someone. There is no such thing as one mattress for everyone. And if a salesperson sells one set 80% of the time, they are not using all the tools at their disposal. So really knowing your product line, knowing the purpose for each mattress being on the floor is key."

BEST PRACTICE

Have a strategy for moving between bedding categories.

"If a customer walks in asking for your \$399 or \$699 advertised innerspring special," notes Stefano Marescotti, "the retail salesperson can transition the sale by explaining that although they might be sleeping in the same coil technology as their grandfather, there has been lots of evolution in sleep technology. I tell them, 'L et me show you the same feel with new technology.' Or, after the customer has tried the first bed you 've brought them to, they might bring up price, and you can give them a ballpark... then ask them to try "this other technology" and tell them a bit about it.

WORST PRACTICE

Ineffective compensation strategy.

"One way that bedding retailers and full service furniture stores shoot themselves in the foot," Furniture World was told by Earl Kluft of luxury mattress manufacturer E.S. Kluft, "is that they don't compensate the sales person properly. There is a relationship between how much time salespeople spend with a customer and how many dollars they make on a sale. Y ou definitely have to tell a story to sell a high end mattress, so that customers understand the importance of a good night's sleep. Go through the features and benefits so that they understand that a mattress is one of the most important objects they have in their house. Unless your salespeople are prepared to take the time to do it, and are compensated for their time, then they will probably sell one of the cheaper ones and get their next UP. "

WORST PRACTICE

Over-emphasize warranties.

"Warranty can be a slippery slope for the retail salesperson at the point of sale," Gerry Borreggine of Therapedic International explained to F urniture World. "For one, research shows that it is a low -level priority for the consumer. Two, many product warranties exceed the useful life of the bedding And finally, it undermines future sales for the stores." P atti Ark, Director, Customer R elations for R everie, concurs. She says that one of the worst practices "is to over -sell warranties. Retailers often tell customers that, a bed is better because the warranty is longer or that they are going to love this bed because it has a long warran-

ty. But that can sabotage repeat sales later on if a mattress sold that way doesn't perform.

'Selling warranties without concentrating on presenting quality, causes later problems for younger consumers," she continues, "who will be in the market for additional bedding as their families and income grow, as well as for older consumers who are convinced that a long warranty guarantees that the mattress they purchase will be the last bed they will ever have to buy. Well guess what? It doesn 't last that long. The customer is uncomfortable, and the retailer has done both the customer and themselves a disservice.

WORST PRACTICE

Crowd customers.

"You never want that consumer to feel like you are on top of them," observes Ira Fishman. If a customer is lying down and especially if she is wearing shorts or a skirt, you need to be positioned at the head of the bed. You should move away and re -assure them. Give them space, don 't crowd them. The only time you might want to crowd them is if they are doing the old 'hand test ' and they won 't even sit down on a mattress. What I used to do is just lie down on a mattress, not far from them and say , 'This is really the only way to try out a mattress.' And usually when they saw me lying down, they said to themselves, " OK, this is what they do over here, and so they would follow my lead."

Editor's Note: Additional best and worst bedding sales practices will be featured in a future issue of F urniture World Magazine.



The base that moves the industry.





Part 1: Don't get "tackled" by the IRS when handing off your business to the next generation.

by Gavin von Loeser

t's First and 10 on your own 5 yard line on the final drive of the Super Bowl. You're down by 6 points and you're facing arguably the most dominating defense of all time, the '85 Bears.

Sound like an overwhelming task? It should! The chances of scoring on this drive are slimmer than your next shopper asking for that one-of-a-kind nightstand that 's been in your warehouse since 1981! It 's "Da' Bears".

"Vince owns a retail company, Vince's Fine Furniture valued at \$7.5 million. He wants to divide his estate equally between his two children. Only one child, his son, is involved with the company...

after all.

Call a Time-out! Remember what coach said, "Design, practice, and execute and you'll win ball games."

It's not the '85 Bears defensive line that you're trying to run the ball on, but you are looking to hand off something... your business. If you thought Refrigerator Perry and the other major appliances on the Bears line were FEARSOME, wait until you are facing the new Tax and Banking Laws! It can be a daunting job, especially if you haven't properly designed and executed a plan.

Furniture store owners are tough! They've grown successful businesses and survived countless recessions. regulations, and market conditions. Yet one concern consistently arises during the estate planning process; "How do I hand down my business to my children and not leave them with a massive tax burden?"

There is often a dichotomous struggle: On one side of the coin, when it comes to management and operations, you want to insure that the organization continues to run smoothly. On the other, you want to make

sure that children and family members are well-provided for , whether involved with the company or not. The major goal, in either situation, is to decrease the potentially large estate tax bill; which will hurt the organization and reduce the total dollar amount your family receives as your legacy.

One strategy that is commonly used to provide this is called "Gifting". This strategy can potentially alleviate some of the financial problems that come up when passing businesses or estates to family members. The following is an example of a "Gifting" strategy and how it can work when handing a family business to the succeeding generation.

GIFTING CASE STUDY

Vince (no, not L ombardi) owns a thriving retail company, Vince's F ine Furniture valued at \$7.5 million. He was married for 35 years but his wife passed away in 2007, leaving Vince and his two adult children behind. He wants to divide his estate equally between his two children. However only one child, his son, is involved

Current and Scheduled Federal Estate Tax Exemptions and Rates

The chart at right illustrates the effect of changing exemptions and rates. The estate tax due on Vince's business (assume that he has no spouse, no other assets, no other tax planning strategies, and that Congress does not change the rules for 2013) mushroom from 35% of 2.5 million dollars (if he dies in 2011) to 55% of 6.5 million dollars (if he dies in 2013).

Year	2011-2012	2013 & Beyond
Value of Vince's Business	\$7,500,000	\$7,500,000
One Time Exemption	\$5,000,000	\$1,000,000
Taxable Amount	\$2,500,000	\$6,500,000
Estate Tax Rate	35%	55%
Estate Tax Amount	\$875,000	\$3,575,000

with the company. His daughter is not.

Giving up control of a business is not always an easy thing for an owner to do, particularly when he or she is still fully engaged in the day to day operations of the business, as Vince is. However, his financial advisory team; including his CP A, F inancial Planner, Attorney and Insurance specialist, are swaying him to transfer at

least some of the ownership to his two children as soon as possible.

Through a Gifting strategy , Vince can simultaneously maintain control of the business and reduce some of the taxable value from his estate. Vince prefers that his son takes control of the business, but he wants both children to economically benefit from the company's continued growth.

His Attorney's Advice: The "K eep it simple solution". He suggests that Vince create voting and non-voting shares for his business.

This will accomplish the following:

- Vince will provide the control of the company to his son by giving him the voting rights.
- His daughter will receive economic



Historical Federal Estate Tax Exemptions and Rates

Year	Estate Tax Exemption	Top Estate Tax Rate
1916	\$50,000	10%
1917-1923	\$50,000	25%
1924-1925	\$50,000	40%
1926-1931	\$100,000	45%
1932-1933	\$50,000	60%
1934	\$50,000	70%
1935-1940	\$40,000	77%
1941	\$40,000	77%
1942-1976	\$60,000	70%
1977	\$120,000	70%
1978	\$134,000	70%
1979	\$147,000	70%
1980	\$161,000	70%
1981	\$175,000	70%
1982	\$225,000	65%
1983	\$275,000	60%
1984	\$325,000	55%
1985	\$400,000	55%
1986	\$500,000	55%
1987-1999	\$600,000	55%
2000-2001	\$675,000	55%
2002	\$1,000,000	50%
2003	\$1,000,000	49%
2004	\$1,500,000	48%
2005	\$1,500,000	47%
2006-2008	\$2,000,000	45%
2009	\$3,500,000	45%
2010	N/A	0%
2011	\$5,000,000	35%

benefit (from any dividends, distributions or liquidations of the company) by owning the non-voting right shares.

Sounds great! It's easy and straight forward!

Not so fast...The problem that may arise with this simple solution is that if the business does not pay dividends, have any distributions or liquidate assets, his daughter is no longer receiving an equal portion of the estate. The variables in this solution may not work for Vince and his family.

Vince's CPA adds in: "What about Vince's annual exclusion?"

That's one way for the business interests and estate to be gifted to his children. Vince's "annual exclusion" which is currently at \$13,000 per year/per recipient, is an extremely taxefficient way of gifting the estate. This strategy will be spread out over the course of many years, and (according to current code), have no tax consequences.

If Vince re-married, he and his wife could "split" the gift (thereby doubling it) and give \$26,000 to each child, each year, tax-free. But when a company's value is as great as Vince's, this tax-efficient tactic will never transfer a substantial proportion of the company's value.

And there is always the possibility that Vince may choose to expedite the gifting process with a one time gift that exhausts his entire lifetime exemption, due to retirement or health concerns.

These two strategies alone can drive the ball down into field goal range, but coordinated with other

designs, they can be part of a larger strategy that scores the winning TD.

Life Insurance is an option that many people forget about until it's too late (either health has declined or premiums make the cost of coverage unattainable due to age). Life insurance death benefit proceeds can give vour estate enough liquid assets to help complete your wishes. These may include providing enough funds to pay for administrative costs, gift taxes and estate taxes. Your estate might have assets and family heirlooms that your heirs may not wish to sell (to pay expenses), or that are not easily sold. That may include the family home, land, artwork, collectibles, the family business, etc.

It's also imperative that the right type of life insurance is owned. There are many types of life insurance products available on the market today Some are used to provide coverage for a specific amount of time, while others are used to maintain coverage for the entire life of the owner , and some are used as a managed asset to help mitigate market exposure in retirement years.

Regardless of what the need is, it 's important for business owners to have a meaningful conversation with their advisors to determine what action steps are necessary to accomplish your goal.

Over time, estate tax rates and exemptions (right) have been variable and unpredictable. This points to the need for businesses such as Vince's to concentrate on structuring business succession and estate plans that take into account possible legislative policy fluctuations. Properly designed plans are designed to protect wealth, account for variables while minimizing expense.



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THE BIG HAND-OFF

Handing your family business down to the next generation takes planning, design and execution, just like in the Super Bowl. Simple solutions, like simple playbooks may get you close, but who remembers the Super Bowl losers?

A properly planned design is a team effort, just like a winning football team; The offensive line is coached to do a specific task, as are the defensive and special team players. They know their role.

And just like in football, your succession planning team needs a quarterback, to manage the progression, coordination, strategizing and adjusting. There needs to be a trusted person that has managed the coordination of an estate plan. That person needs to bring your family, your CPA, Attorney, Banker and others together to make sure that everyone involved is working to protect your assets and organize them in the most tax efficient structure.

Your CPA and your Attorney may be very good at what they do. A financial advisor with succession and business planning expertise can assess

your situation to ensure that your efforts are coordinated properly so your business and family can avoid unforeseen pitfalls and variables, and like the Star Quarterback, lead your team to victory.

"You want to insure that the organization continues to run smoothly. You also want children and family members to be well provided for, whether involved with the company or not."

With 11 years in the finance industry, Gavin von Loeser is a Strategic Advisor & F inancial Risk Manager focusing on Estate and Business Planning at Strategies for W ealth. He helps clients (in the furniture and related industries) design financial plans that allow for transiting businesses and estates while maximizing tax efficiency.

Questions about the issues brought up in this article or any other aspect of financial planning can be sent to Gavin care of gavin@furninfo.com. He can also be reached directly at 203.621.8203.

Gavin lives in Stamford, CT with his wife and three daughters. Gavin has worked on business strategies with numerous companies in the retail and wholesale space as well institutional and private investment firms.

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NOVEMBER 2 & 3

2ND TEXAS FURNITURE & ACCESSORY MARKET IRVING CONVENTION CENTER, IRVING, TX (MINUTES FROM DALLAS)

NOVEMBER 9 & 10

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FEBRUARY 5-6-7

32ND LONG BEACH FURNITURE & ACCESSORY MARKET LONG BEACH CONVENTION CENTER, LONG BEACH, CA

MAY 6 & 7

3RD TEXAS FURNITURE & ACCESSORY MARKET IRVING CONVENTION CENTER, IRVING, TX (MINUTES FROM DALLAS)

MAY 23 & 24

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GARAGE SALE!

Lessons a veteran furniture guy learned watching people browse, decide and negotiate at a garage sale.

by Gordon Hecht

ust when you think you have the art and the science of home furnishings retailing mastered, you have an experience that brings you back to the basics of customer buying behavior. I had an experience like this last weekend at our annual neighborhood garage sale.

We have about 100 houses in our neighborhood and once a year everyone gets together for a massive sale. Well over 75% of the people participate. It could not have happened at a better time for us at the Hecht household. We had just completed a major basement and closet cleaning and I wanted to get rid of the flotsam and jetsam. For me, the sale was a one way ticket from my house to someone else's-regardless of profit or loss!

We didn't have a lot of small items, but some were fairly large ones, the most expensive being priced at \$120. I had twelve pieces of framed artwork that originally retailed from \$30 to \$300. Also 2 boom boxes, a 5 x 7 rug, a futon, dressing table, desk chair, 1 dinette chair from K (remember them?) and many other \$2-5 items, including a computer monitor circa 1998. At 7:45 am l arranged the items in my driveway pulled up a lawn chair, and sat with a hot cup of coffee to await my first "up". I wanted to set the mood, so I had some easy rock playing on one of the boom boxes. (Rock on Eagles!)

HERE IS WHAT I LEARNED

She wants what she wants, no matter what the price! My wife, Michelle, and I had a serious discussion about

putting out the most expensive item. It doesn't matter what it is, I'll call it the widget. I wanted \$100 for the Widget, but we understood that most people don't come to garage sales to spend \$100 on a Widget, or even \$100 on anything. I took a chance and put out our long unused Widget-and being a true retailer, I tagged it a \$120 hoping to get that \$100.

My very first up arrived at 7:55 and she walked right up to the W She walked around it and touched it. She spoke to her partner and then asked me if I would take \$75 for the Widget. I told her I really wanted to get \$120 out of it. She upped it to \$90. I went over to a shelf in the garage and brought out two accessories for the Widget, and said I would throw them in if she gave me a C note. Bingo- First sale of the day! She gave me the money and said she would be back in an hour to pick it up. (WOW, Trust!)

The lesson is... customers love to negotiate, but if the item is what she wants, she will buy it. Also-create a package and you will build value!

She doesn't want what she doesn't want, no matter what the price! Back to those twelve pieces of artwork-there were two signed watercolors, one signed oil, a couple of numbered lithographs, and the rest were prints. Problem was, they just didn't match anything in our house any more. I took the smallest and cheapest and marked them \$2. The others were priced from \$5-10. You couldn't buy the frames that cheap. Every shopper

took time to look at every piece. The most common comment was "These are nice and great prices, but I don't know if they will work with my (decor)". About an hour into the sale, a woman looked at one of the watercolors, a landscape of Elko, Nevada in a rustic pine frame, about 24" x 30". It was five bucks. She took out a 5 spot and told me "I know what this is, and you priced it too cheap". Towards the end of the sale I marked every picture down to a buck. Still no takers, not even to the woman carrying a P she had just paid \$1.29 for.

"Don't even try to guess what your customer can spend. The woman who gave me \$100 for the 'widget' drove up in a 15 year old rusty van. She peeled that bill from a roll of ten more."



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GARAGE SALE

The lesson is... customers want to accessorize their homes, they are iust not confident to do it. The best time to sell accessories is when you can show them what it will look like with the new furniture they are buying. If they see it all together, they will buy it. You can sell some things at 70% off, but people will still hesitate to purchase, even at give -away prices, because they don't want to make a mistakel

Customers make up their mind in the first 20 feet of your store. We've all heard that before - now I saw it in action. There is a class of professional Garage Sale Shoppers out there. And they don't waste their time! Here's how they work - two in a car, one driver, one scout. They slow down and peer at your wares on the driveway. If they like something, they'll stop. If not, they gun the engine to the next house. This was more depressing than the Ladies Choice dance at my High School Prom when all the guys lined up, and the girls looked us over. They either asked us to dance or kept walking. I didn't get to "Do the Hustle" until the last 30 seconds. Most of the neighbors had tables of items; my items were sitting right on the driveway. Those with tables got the most traffic. The driveways with the most shoppers attracted even more shoppers.

The lesson is... She wants it at eye level! not too high, not too low . Put the best values up front to get the customer excited about the rest of your store. Have a clean parking lot, entry way, and doors. Activity breeds activity. Many people will not stop at stores because they don't want to be the only one in the joint. On weekdays "Dummy Up" the front of your store with five or six employee cars at the front door, to let people know you are

open for business.

People don't read signs! The Garage sale lasted until 3 pm, but we had someplace to be at 1 pm, so I decided to shut down at noon. Remember, the goal was to clear the lot, not move things back inside - so I removed all of the price tags and placed two big signs on the street EVERYTHING IS ONE DOLLAR I had at least a dozen people pick up items and ask me - "How much is this?" I finally moved one sign against the garage door, and then starting selling things for the buck I wanted.

The lesson is... Signs on your windows have little value, your customer just wants to get into your store, and they are not reading them. Place your promotional signs about 15-25 feet back, make them six words or less -and they will get noticed.

The second lesson is... be sure the price tag is obvious to the customerdon't over -tag, just be consistent. You can have 2,000 items in your store, but have one of them untagged and your customer will spot it and ask!

She will tell her friends about a great deal - Back to the futon - I am not sure why I even bought it in the first place, horrible to sit on, miserable to sleep on. But we had one, and even paid someone to move it from one house to another. I wanted to see it go, so I marked it \$20. Two women looked at it, and said, this will be perfect for T iffany. Luckily, T iff was on their speed dial-they called her and she came down with the double sawbuck in her hand. I was happy to see that item go!

The lesson is... The Shopper in your store is really worth about 15-20

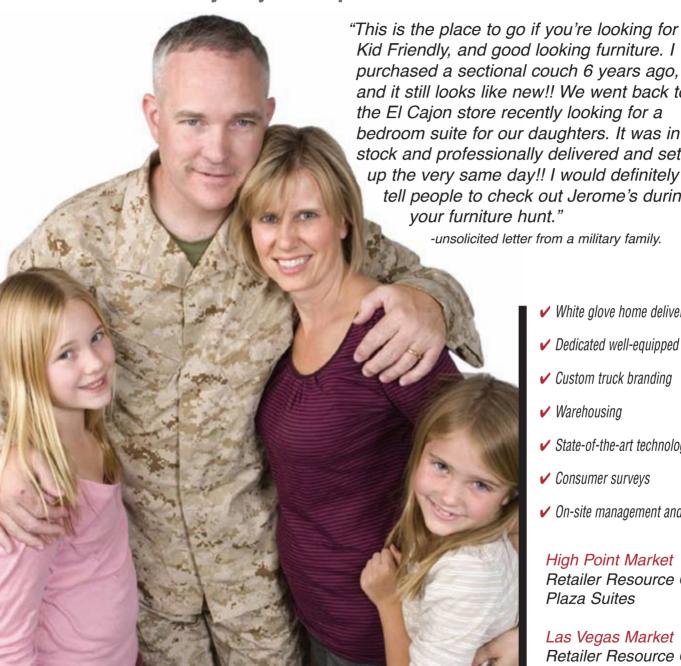
customers. I have to be honest, I have no idea of what my friends are shopping for to make their life complete, but that's not true for everyone. Understand that when she comes in to your store, your Guest may be shopping for herself, but she is aware of what her sister, her mother, and Tiffany are looking for . Treat her right, and you'll get all of them as customers!

Some things NEVER Sell! At noon I closed up shop. I brought back in the remaining artwork, but I left four items on the driveway, and tagged them "FREE". A fireplace grate, 2 wicker baskets, and the computer monitor . When we got back home, around 2:45, all that was left was the monitor I saw two guys across the street and in their truck were a fax machine and some other office equipment. I asked them if they wanted a monitor for free. They took one look at our behemoth monitor-and laughed!

"On weekdays, 'Dummy Up' the front of your store with five or six employee cars at the front door, to let people know you are open."

The lesson is... If you are holding on to a lot of damaged, discontinued, undersold and over parked merchandise in your DC, odds and ends, rails and footboards, maybe it's time to let them go. Even for freedonate the items with some value, give them to your employees, or sell 'em for a buck, if you can get it. Just refuse to keep paying rent to store

Read this example of how professional home delivery by Diakon Logistics completes the sale and creates satisfied customers every day for top 100 retailer Jerome's Furniture...



purchased a sectional couch 6 years ago, and it still looks like new!! We went back to the El Cajon store recently looking for a bedroom suite for our daughters. It was in stock and professionally delivered and set up the very same day!! I would definitely tell people to check out Jerome's during

-unsolicited letter from a military family.

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"Customers make up their mind in the first 20 feet of your store. We've all heard that before - now I saw it in action."

them.

FINAL OBSERVATIONS

People are curious. After I sold the widget, I took off the tag . P eople asked me if it was for sale and I told them that it had been sold. They all asked how much it sold for! It wasn't like I had four more in the DC! Just for fun, I told a guy I sold it for \$200 and he said he would have given me more.

And what about the cash- ola we raked in...? Our total haul was about \$190, but the object was to clear out-regardless of profit or loss! Just make space. About 3 pm I took a walk through the neighborhood...and then I saw this Widget, I just had to have it, and it was such a deal!

Gordon Hecht is Director of Sales for Ashley Sleep division of Ashley Furniture Industries. He started his 30+ years experience in the Home Furnishings industry as a delivery helper and driver; switching over to furniture industry sales while in college.

Gordon has been recognized for outstanding sales and management achievement with several organizations including Drexel-Heritage, RB Furniture, R eliable Stores, and Sofa Express. He has served as Store Manager, Multi-unit manager and Director of Training.

Joining Ashley F urniture HomeStores in 2007, Gordon managed a 44 store district covering 11 states and 4 time zones. He joined the Ashley Sleep team in 2009 and has worked to make it one of the fastest growing bedding lines in the country.

Gordon has been a frequent contributor to company newsletters, and contributing writer for industry magazines. He is based in Columbus, OH and is married with one adult son. He can be reached at ghecht@ashleyfurniture.com

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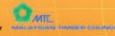
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OPENED & READ

A great way to get your direct mail opened & read -- 3D Mail.

by Mike Root

he most profitable, consistent and reliable marketing campaign for national advertisers is direct mail. In fact a direct mail campaign done right is the "Holy Grail" of direct response marketing. It can get customer 's attention, pique their interest in a product or store, pre-sell them with a well delivered sales pitch, and in some industries make the sale with no store involved.

And yet, in the furniture industry , direct mail is one of the most underused media forms. Many independent retailers try one mailing , do it poorly and never want to try it again. In this installment of new media marketing , you'll learn how to add pizzazz to your direct mail to get extraordinary results.

People see numerous advertisements every week and receive countless flyers in a year. If you want to appeal to your customer you have to stand out and not do what everyone else is doing. The advertisements that are unique are always the most memorable. Bold measures stick in people's minds.

CUSTOMERS HAVE A JUNK MAIL FILTER

Think about the process your direct mail piece will take when it gets to the customer's home...

Today about mid-afternoon the postman will show up outside of the front door of your customer 's house like he does every day except Sunday. He will dutifully place whatever personal correspondence, subscription magazines and bills addressed to the family into the mailbox. This mail has interest to someone in the household and will go to a pile of mail to be opened and read.

The rest of the mail consists of unsolicited mail like catalogs, V alpak and junk mail including numerous credit card solicitations. Unfortunately most furniture store solicitations fall in this 2nd category of unwanted mail. If a furniture store mailing piece cannot move from the junk mail pile to the opened and read pile, it will be destined to find the trash can. It will not make any difference how good the offer inside the envelope is, if the mail

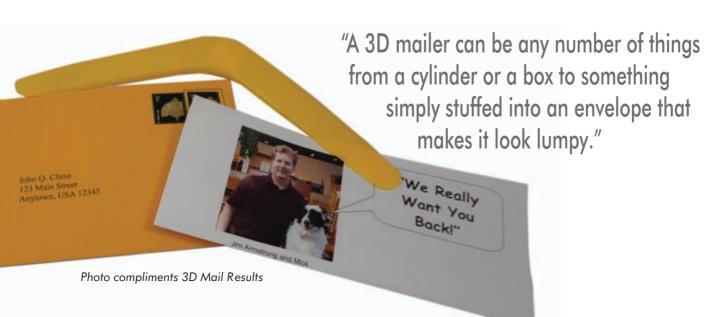
does not get opened and read. These days so many people just throw away what looks like junk mail without even opening it. When mailers become junk mail the company fails: the effort becomes a complete waste of money and the customer is left clueless about the message since the mail was never opened. A message that is not opened cannot be acted on.

So how do you get your mail into the pile of mail that gets opened and read?

IT'S ALL ABOUT CURIOSITY!

Make your customers so curious about what is inside that they can 't wait to rip it open! To create curiosity, send your customer a mailing piece that is different from all others because it obviously has more than a letter inside. The best way to do this is called "L umpy" Dimensional Mail, also known as 3D Mail.

3D Mail, is a piece of mail that has depth in addition to length and width. The depth is what sets a 3D mailer apart. A 3D mailer can be any num-



"The next key to make dimensional mail work for you is to tie the offer into why you are sending something odd in the mail to the customer."

ber of things from a cylinder or a box to something simply stuffed into an envelope that makes it look lumpy. A piece of 3D mail stands out (literally) from the otherwise ordinary flyers that so many companies have fallen into the rut of sending out. 3D mail sparks a little bit of curiosity!

Because of its unique shape, there is no way it can sit, let alone get overlooked in a pile with all of the other mail.

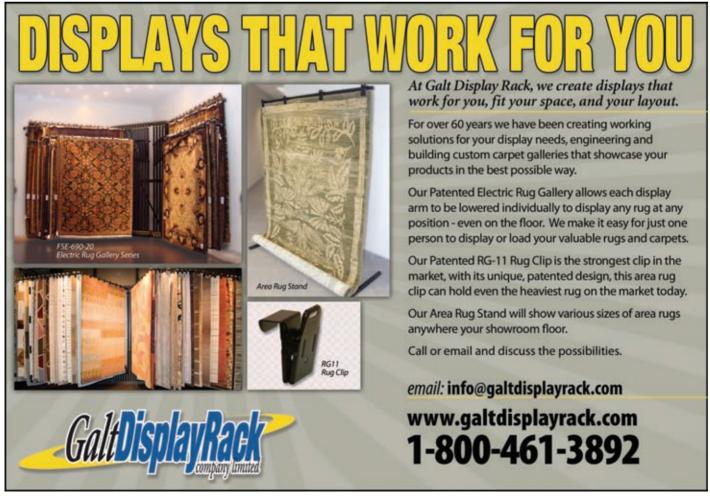
For example, if you received a baby's pacifier in an envelope in the mail there is no way you could stack all of your other mail on top of it. Given the shape of the pacifier or any other 3D mail object, it has to be on the top of the mail stack or the whole stack will fall. If your mail does not stack it simply won 't end up in the stack! This is a great feature of 3D mail that is sure to make it stand out from all other mail

There are some minor disadvantages such as the added cost to either design and produce the mailer vourself, or purchase a ready made product from a supplier. Mailing costs are also generally higher for 3D mail than a traditional flat mail piece.

WHAT IS THE MAGIC THAT MAKES 3D MAIL WORK?

People love to be entertained. People love to feel like things are personalized just for them, and they love things that are unique. This is just why 3D mail works: it serves all three of these purposes with just one mailing!

It is entertaining and it gets your prospect or customer involved! When





"You can create a 3D Mailer in-house by starting with a great idea for a sales letter you can put in a box or cylinder, or purchase ready made mailer promotions."

you actively involve your prospects, they'll stay with your mailing longer Any good salesman knows the more time you spend with your prospect, the more of your story you can tell, and the more you can sell! When you tie your sales message to 3D mail you 'll entertain your prospects and customer and keep them involved and sell more. 3D mail simply needs to be opened and read because it significantly increases response rates.

An added benefit is that it 's different. If people get something out of the ordinary in the mail, it is likely they will show it to someone else because it 's innovative or humorous.

Most importantly for you the retailer, 3D Mail is cost effective, especially if you take care to include light weight and inexpensive inclusions. Of course some industries go all out with expensive mailing pieces. But furniture retailers do not have to do that. Below are several examples where the extra little cost to make the mailing dimensional will give a far higher return on investment.

HOW TO USE 3D MAILINGS TO ATTRACT CUSTOMERS

The next key to making dimensional mail work for you is to tie the offer into why you are sending something odd in the mail to the customer. Work hard to create a believable offer and you will find great things will happen.

You can create a 3D Mailer in

house by starting with a great idea for a sales letter or offer that can be put in a simple box, a cylinder or a custom made container. An amusing or "cute" message can be made more powerful by including an item that reinforces your message. You can find a number of ideas for this type of promotion later in this article. There isn 't any reason why you can 't adopt a more serious tone by including useful information or an item that reinforces your emphasis on color, design, comfort, service or materials.

You can also purchase ready made mailer promotions. Some of the best dimensional response items are mailing pieces that you slap a label on and place a sales letter inside. Here are several ideas for 3D mailing promotions that have been successful for furniture retailers.

You'll sleep like a Baby on a new mattress... I don't have to tell you that Mattress sales are good business. Premium mattresses offer great benefits for the consumer and good margin for the retailer, so a direct mail campaign sent to affluent households can yield some great results. And what's not to like about a pacifier. It's not something that gets mailed out every day. It 's fun! And it will get results. Tie your message and mailing into "sleeping like a baby" and you'll cry all the way to the bank.

What's the Catch? When your offer is too good to be true, send them a toy fisherman pinball game with the Headline "What's the Catch?" They

can't help but try it out. An added benefit is they will remember you every time they see the game.

Save a fortune on new furniture...

What's not to like about a fortune cookie arriving at your house with the following message inside the cookie "Read the enclosed letter to find your fortune..." And then the letter starts off with the headline savings claim "Save a F ortune on New F urniture from (Your Name) Furniture Store". You can also create a custom fortune inside the cookie.

J. Squirrel - Are you Nuts... A classic direct mail letter for the second or third mailing of a sequence is the J Squirrel letter that basically asks the question 'Are You Nuts" for missing this sale. A copy of this letter along with further information on this sale can be found by checking out the free guide mentioned at the end of this article.

Bosnia-Herzegovnia 100 Dinara Bank Note... Once in a while a letter will come with a penny or nickel or even occasionally a \$1 bill. I'll bet you never got a bright colored 100 Dinara Bank Note before. Nor has your customer and that 's what will get them talking about you. Attach this to the top of the L etter and use a headline like "I'll Bet Y ou're Wondering Why I sent you 100 Dinara Bank Note" or "Trade this 100 Dinara for \$100 off any purchase over \$999". There are countless ways to use this to attract attention.

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OPENED & READ

ANOTHER GREAT WAY TO USE 3D MAIL

Develop a three step campaign for activating old customers who have not done business with you in a while.

Old customers are always a source of new business. Sometimes, people forget you, or had a bad experience. or any number of reasons they might have stopped doing business with you. Go back through your files and start this three step mailing sequence.

Step 1: W e Want You Back!!! The Boomerana letter. Who wouldn't think twice about a business that sends out boomeranas with a letter headlined "We want you back". A customer who gets this unique item in the mail will think it's fun, and if they have kids, you just gave them something for the kids to play with so they will think kindly about your store.

Step 2: Are Y ou Lost? Send out the Compass L etter on the second lost customer mailing campaign sequence. This is an entertaining way to remind a customer, who has not done business with you for a while, on how to find your store. This is a great way to get back "lost" customers with the humorous headline " Are Y ou Lost?"

Step 3: This is the Last Time I'm

Going to Bug Y ou!!! Use the Bug Letter for the third sequence of the lost customer campaign. Build the mailing piece around the theme of "This is the Last Time I am Going to Bug Y ou". The multi-step mailing is a great way to break through the clutter dimensional mail like this, your mailing piece is bound to get opened.

A multi-step campaign always outperforms a single letter. After your customer has received a couple of these fun dimensional offerings, they will become interested in what you will send them next. This automatically moves your mail from the "junk" pile to the "I want to read" pile.

There are a number of companies that produce ready -made or custom dimensional mailers. F ind them by doing an internet search for "3D Mail", "3 Dimensional Mail" or "Dimensional Mail".

Note: You can request useful quide that provides 3D container ideas and copyright-free generic sales letters at www.FurnitureResponse.com, the website of 3D Mail Results, a supplier of #D mailers.

Mike Root is P resident of F urniture Sales of Mid-America (www .furnituresales.biz), a furniture wholesale and rep company in the Midwest and Rocky Mountain states. His perspective is one of a third generation furniture auv who has been involved in many aspects of the furniture business including furniture retail, wholesale and rental. Mike has his finger on the pulse of the industry by serving on the Executive Committee of the International Home F urnishings Representative's Association (IHFRA) as well as the CQRID A dvisory Board of the Interior Design Society.

Over the years, Mike has been recognized by the Small Business Administration, the Omaha Chamber of Commerce, and numerous national furniture factories for sales and marketing excellence. Mike helps furniture retailers and factories through his company, Get Customers Right Now build their sales through the use of low cost and no cost direct response marketing strategies including online marketing and social media. F World readers can get a free resource at www .GetCustomersRightNow.com entitled "7 Little Known Customer Acquisition Strategies Y ou Can Quickly Implement T o Get New Customers And Explode Y our Income In Ways That Your Competition Hopes You Never Discover."

If you have questions about this article or other marketing topics, email mroot@furninfo.com or visit www.MikeRoot.com.

"There are a number of companies that produce ready-made or custom dimensional mailers."





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evolved

INFESTATION

Practical steps to minimize risks of warehouse infestation, negative media attention and frivolous consumer lawsuits.

by Dan Bolger

edbugs are on the rise in the US, and can present problems for furniture and bedding stores. R etailers who pick up and dispose of used mattresses, or take back products due to warranty or "customer satisfaction" guarantees risk the possibility of bedbug infestations being transferred to new bedding and other furniture items.

Just having a bedbug infestation in your store can be a public relations nightmare. On numerous occasions, local and national TV and newspaper reporters have given top billing to bed bug infestations. News that your store will be closed for several days or that you have infested even one single home is publicity you don 't need or want.

Even worse, are real or imagined customer claims against your store stating that new delivered goods

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caused a home infestation resulting in tens of thousands of dollars in remediation costs. Damages in favor of consumers have occasionally been awarded by the courts, including \$49,000 to a couple who purchased case pieces at a J.C. Penny in Cherry Hill, NJ.

News of these kinds of claims spread like wildfire via T witter, blog posts and internet review sites.

Here are a few random posts resulting from a simple internet search. Although some of the complaints may have merit, many others are "payback" for poor customer service, or wrong perceptions regarding the actual cause of an infestation.

"I bought a store sample mattress from (major bedding retailer) in July 2008. I had almost the same experience as Joseph from Wharton NJ ... so I would like to get into touch with all the ones who have suffered bedbug problems from (major bedding retailer) store sample mattresses. I would like to disgust readers of our horrible experience with bedbugs but the customer service experience is even worse. I am now in an arbitration proceeding against (major bedding retailer) and we will see how it goes. I am shocked to find out I am not the only one who have suffered this and (major bedding retailer) had known about the bedbug infestation problem and refused to address the problem from the source such as fumigating their warehouse/show room. Instead, they have insisted that we got bedbugs from the subway, starbucks or just implying we are dirty animals so we got bedbugs. Justice needs to be served."

"(Major Discount R etailer's) service was terminable from the beginning . I purchased a tv/dresser night stand and head board. On the delivery of the furniture the nightstand had a broken corner and they said they would order a new top.l refused and asked to have a new stand delivered. It came in two weeks. To find out when the furniture was delivered it also had a guest BEDBUGS .This gets bigger than you would like. They were in two bedrooms making us itch like crazy. I had to remove all articles off the walls and bag everything in the rooms. It took money and time. I had to dispose of two mattresses and box springs \$\$\$\$\$\$\$."

"News that your store will be closed for several days or that you have infested even one single home is publicity you don't need or want."

"Have to comment on your remark about buying cheap bedding from "Major Bedding R etailer) and the 'big stores' Y ou are BIG and wrong . Just bought a bed from (major bedding retailer) infested with bed bugs. So not trying to save money and a lazy

Pictured are mattresses picked up from customers that were not bagged immediately, sitting next to newly received items. Middle photo shows mattresses returned under a comfort guarantee without being bagged and sealed, potentially infecting new merchandise.

Also, a bed bug sitting on top of grains or rice. Two tiny bedbug eggs appear as small dots below and to the right of the insect.





American. Google bed bugs and (Major Bedding Retailer) and you will see pages of stories regarding bed bugs..."

"We purchased a brand new mattresss from (Major Department Store). When we received it, it had a few darkish brown black spot at the bottom corner, which we thought was ink or something splattered. Since last week these spots

spread all around mattress and now see bugs ... it's disgusting I called (Major Department Store) to inform them and seeking replacement. The supervisor accused us of lying and named now I'm out \$625 and No Bed to sleep in. I've been a customer of (retailer name) for 15+ years. I've contacted several news stations and am seeking iustice."

Proper written procedures for handling, inspection and preventative extermination, plus careful and complete documentation can be helpful in defending against claims made by customers who say that their new delivered furniture caused a home bedbug infestation.

The focus of the rest of this article





Excellent warehousing of mattresses.

"Proper written procedures for handling, inspection and extermination, plus careful and complete documentation is helpful in defending against claims."

is to prevent bed bug problems in warehouse and delivery based on onsite operations reviews. If your facility becomes infested, you will need professional assistance.

Bed bugs are very small parasites. Eggs are about 1/32". and adults are 1/4" to 3/8". Adults are easily visible. A bed bug can hide in a crack or fabric fold as small as the thickness of a credit card. While they are not known to carry diseases, their bites cause red spots on the skin and may cause allergic reactions. Entomologists claim that bedbugs can live as long as 18months without ingesting any blood.

The most common way for warehouses to become infested is by poor handling of returned bedding or upholstered furniture. If a return is authorized, each item should be carefully examined before being picked

up, regardless whether the home is modest or mansion. If there are any signs of bed bugs, no pickup should be made. All bedding should be bagged and taped. Once in the truck, the return should be segregated from new merchandise.

Bedding pickups generally fall into these categories: recently purchased bedding returned on a comfort warranty or old bedding for donation or disposal. Warranty returns are a particular challenge as the vendor rep typically must do an inspection prior to issuing a return authorization. These items should be stored in a designated area away from new goods of any type. Donation/disposal bedding must also be separately stored to avoid cross contamination with good merchandise going out for delivery.

You can also reduce risk by insisting

on having effective housekeeping throughout the warehouse and your delivery trucks. If you suspect an infestation, a professional may do physical examinations or bring in a dog trained to recognize the distinct odor given off by bed bugs. The parasites can be killed with various EP approved chemicals or by heating the area to a temperature that guarantees that the warehouse space and all its contents are hot enough for a long enough period to kill live bugs and eaas. Where feasible, heat treatment is the most effective method. The Internet links provide additional useful information applicable to home or business.

The bottom line is that while you might prefer not to pick up used bedding, it is a competitive fact of life in most communities. Following the steps summarized in this article will minimize this very real problem.

Daniel Bolger P.E. provides operations consulting services to clients throughout North America. FURNI-TURE WORLD Magazine readers can contact him at bolger@furninfo.com or phone 740-503-8875. F or more information on transportation, logistics and furniture warehousing topics, go to FURNITURE WORLD Magazine's website www.furninfo.com to read all of Dan's articles.

Additional Bed Bug Resources.

http://www.epa.gov/bedbugs/ http://on.msnbc.com/pWajax



By the time you finish reading this, you will be on your way to, reducing sales staff turnover, and adding 20% to your sales volume next year.

by Dave Mink, TRAXsales.com

What problem is costing most furniture retailers 20% of potential sales volume every month, adding up to millions in sales every year? Salesperson turnover.

How do you keep good salespeople and reduce turnover?

Personal reasons aside, salespeople leave for one reason- they are not making enough money. A leading furniture publication states that, on average, it costs \$70,000 to replace a salesperson that has an established clientele. Adding in time for training, rookie mistakes, and the closing ratio of a seasoned salesperson versus a new hire, the cost quickly adds up to over \$150,000.

To keep your top performers, provide them with the opportunity to build a strong customer following and continually increase their sales performance. Challenges and goals equal excitement, and create loyal employees.

How can you create an atmosphere of top performers?

Work to simplify and streamline the lead-tracking process for your employees. Dedicate 2 hours per week for 1 month working with your team to ensure each employee understands how to track and follow up with important customer leads using some kind of Customer Relationship Management System. TRAXsales produces front door people counters and automated UpBoard software for the home furnishings industry, but shop around there are many types.



Track staffing compared to customer traffic patterns



Track dollar value of unsold customers

The typical closing ratio in the furniture business for a below average salesperson is about 12%. If the customer returns for the same item, the closing ratio jumps to over 80% even with this below average closer.

This is where most fail- 90% of all furniture salespeople do not follow-up properly. Using proper follow-up, you will see a 40% increase in returning customers.

What constitutes proper follow-up?

- 1. Know when to stop selling and start listening.
- 2. Train your team to retrieve personal information.
- 3. Use the automatic follow-up letters.
- 4. Personalize correspondence.
- 5. Develop and maintain relationships.
- 6. Track all contacts.
- 7. Print daily to-do lists each morning to keep your team alert and informed on who and how to contact.

To receive a Free White Paper "The 2-Hour Sales Manager's Guide"

that includes a detailed "to do" list guaranteed to help your salespeople follow-up better, reduce turnover and add to your bottom line (with or without the TRAXsales system) please contact...

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Quick & Easy

Do you have a backlog of damaged stock? Are your quick and easy finish repair solutions turning out to be neither quick nor easy?

Repair by Peter Schlosser

ometimes, quick and easy solutions turn out to be problems in the end. Take, for example, matte finish furniture. Easily finished, it requires very little skill to create the topcoat: Shoot it, heat it, put it in a box. That 's the simplified version, of course, but consider what it takes to create a high sheen, at least in my shop:

- After the color has been completed (staining, toning, glazing, shading, sealing) I apply three coats of a high-solids gloss lacquer.
- Once the lacquer cures, I wet sand it with 1000-grit paper and paraffin oil to even the finish.
- Three additional coats of highsheen lacquer are applied.
- I wet sand the final coat with 1000-grit paper again, hand-sanding with a block to make sure there are no unlevel places.
- The finish is machine-compounded with a foam pad and a high-speed buffer, then cleaned with naphtha.
- The final finish is buffed with a sheep's wool pad on a high-speed buffer, and wiped to remove dust.

Whew! This is how most fine furniture was finished (albeit more efficiently and quickly in a factory) before the "Chinese revolution." However, what was a boom to manufacturers has been an absolute nightmare for

retailers.

Now, I've heard plenty of repair technicians bemoan gloss finishes, overwhelmingly because of the fact that they don 't know how to repair them. This is understandable because matte finishes proliferated in the early 1990s, so many techs were trained to repair nothing but. The problem is, I've consulted plenty of retailers in my career, and these techs don 't really understand how to repair matte finishes. either!

A few questions for a tech to answer:

Can you use steel wool to rub • out a scratched matte finish? Answer: No. Matte finishes are not rubbed. You can rub them out to eliminate their depth, per se, but you must relacquer the top to eliminate the wool scratches.

Can you buff out a scratch in a **L** • matte finish, even a light one? Answer: No. Matte finishes are not buffed. You must relacquer.

Can you spot touch-up a matte **J** . finish using aerosol lacquers? Answer: Rarely. Most aerosols leave a halo when applied, revealing the repaired area.

 $\textbf{4} \, \overset{\text{Can you relacquer with aerosol}}{\bullet \, \text{cans? Answer: T ypically, not to} }$ the same quality. Place two new tables next to each other, and relacquer one with aerosols. Unless they are 100% identical, the repair is not perfect.

Can you use compound to rub • out a scratch on a matte finish? Answer: No. Compound increases sheen.

These problems exist not only in the warehouse, where most problems (hopefully) are caught, but also in the home, where retailers often send techs to try to correct small scratches. These service calls end in one of three ways: New piece ordered, part ordered, or problem solved.

The fact is that matte finishes are a problem for our industry. While they are quick to apply, they are difficult to repair and often disappoint the customer. The most glaring example of this assertion is the conundrum a retailer faces when presented with a scratched dining table. I have seen case after case where the customer takes final delivery of a dining table in perfect condition, only to call back with a service request when the finish becomes scratched, usually by something benign like a placemat or dish. Really? Not all manufacturers use conversion varnish or UV , which is harder but not impervious to damage.

To make matters worse, the only way to completely correct these finishes back to factory-new condition is to relacquer them using a cup gun or



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- The ROI is dramatic!

That's pretty remarkable! Particularly when you consider that his store is in a town of 7,500, 100 miles north of Seattle.

You don't have to be a big guy in a big town to win with Wallbeds, as Don can tell you.

Wallbeds has slowly and carefully developed a network of retail partners. There are still markets open, so, if you are interested in looking at this high performing category, please give us a call. We would like to share a few more success stories with you, and explore the possibility of your company becoming another one!





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pressure pot, in a spray booth. Woefully, few retailers have invested in this technology which is like having a car dealership without a garage.

The one-two punch for the retailer without a spray booth is...

- Lots of distressed or clearance inventory.
- Lots of dissatisfied customers having to wait for replacement stock or parts.
- Lots of service calls.
- Amateur-looking repair attempts by techs who, with a booth, could be making perfect repairs.

I've seen retailers fight this issue tooth and nail, but the fact remains, if you want to push matte finish furniture (and most retailers do) then you must be able to completely relacquer using a cup gun or pressure pot. The alternative is to sell higher-end furnishings with higher sheens, which can be repaired with steel wool, buffing, wet sanding and compound, and are far easier to repair than their matte finish cousins.

If you insist on using aerosols for relacquering, try to keep their use at a minimum, and choose a specific set of materials that are designed to make invisible repairs with little effort. Amona them:

- Blush eliminator. Essentially a can of lacauer without the solids, this formulation softens the original finish, allows it to level, then evaporates without significantly changing the sheen, if at all. It is ideal for "angel kiss" scratches or very light packing marks.
- Very high-grit (1000-grit) sandpaper. Use a block and some oil or water to sand out very fine scratches that won't disappear with blush eliminator. You will still have to relacquer.
- Low solids lacquer with excellent atomization. I use only one: Touch-Up Solutions' Premium Blend Low Solids Lacquer (0314 series). If you have to make a burn-in, I would suggest Touch-Up Solutions' Pre-Catalyzed lacquers with good flow-out (0328 series).

It is absolutely critical to note that very, very few of us can accurately measure sheen reflectivity without a meter. Lacquer is sold according to, amona other criteria, its sheen, or reflectivity—how much light it reflects. The higher the number, the higher the reflectivity. T vpically the scale runs from a five -sheen (dead flat) to a ninety-sheen (aloss). But this factor can be deceiving when choosing a topcoat for the piece you are repairina. The vast majority of matte finish furniture has a sheen ranging from twenty to thirty -five. R emember that adding lacquer will change the sheen of the piece because you are covering up the original finish!

If you are at all concerned about vour clearance issues or have a backlog of damaged stock because your tech staff is ill-trained to correct these problems, consider contacting your finish supplier for help, or use a furniture repair consultant who can come on-site and train your staff one

Peter Schlosser is an independent furniture repair consultant who lives in Morganton, NC. He can be reached via email at pschlosser@furninfo.com or by calling 828-408-3162. He has seventeen years' experience in the industry in both retail and manufacturing environments.

decided to work with Larry Mullins"

"Larry, I would like to extend my thanks for the outstanding help I received during my Retirement/GOB Sale from you at UltraSales. It proved to be just the right amount of quidance for me to run a successful sale during a very tough economy. Not only were you extremely professional, but also very responsive to my phone calls and questions. It was a pleasure to work with someone who returns phone calls promptly, with the information desired on hand. I'm so glad I decided to work with Larry Mulllins instead of one of the large liquidation companies. I feel personally, and especially financially, that UltraSales was the best way for me to accomplish my business goals."

Sherri K. Smith, Owner, Comfort Home Furniture, Ocala, Florida

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SALON



TOOLS OF THE TRADE

Retail strategies a successful second generation furniture retailer learned from her Mom and Dad.

by Robin Blonsky

n the early eighties, my parents purchased a furniture store called Crown F urniture, a decades old company in Tulsa. At the time, my siblings, Julie, David, Dan and I were all small. When we weren 't in school or during the summers, we were often at work with our parents.

Growing up around the business was in itself an education, and with it came adventure. When we were younger, the four of us kids mostly played at the office. But, as the years went by, we learned life lessons from watching our parents run the store. My sister and I helped in the office doing paperwork and sales, and my brothers were involved with deliveries and repairs.

Dad and Mom allowed us kids to be involved in many aspects of the business and would often introduce us to customers and factory representatives, giving us opportunity to improve our people skills and confidence as we learned how to think like owners.

Fast forward 20 years and Crown today is owned and operated by my siblings and I, who are all now in our thirties. Since the days our parents owned Crown, it has undergone many changes and reinventions. As a company and a family, we have endeavored to meet the challenges that continue to arise in a changing industry.

By regularly attending trade shows to find the best value and design, we focus on keeping our store and product offerings fresh and innovative.

Also, in line with our marketing strategies, we strive to maintain an online presence which includes optimizing our website www .crownfurniture.com and having a highly visited F acebook

Each sibling heads up an area of

"In settings like this, hum drum salespeople will produce a boring experience that lacks insight and an honest enthusiasm for the product."

the business, and as a team, we meet regularly to discuss decisions, changes and the overall focus of the company. When facing major decisions, the lively discussions that sometimes ensue are what bring out some of the passion (and fun) to the job. Though we have our disagreements, thankfully, it is rare for us to reach an impasse.

Looking back, there are numerous valuable lessons we learned from our upbringing. The tools my parents gave us have helped define and steer us as second generation business owners. These include:

Always treat people well: My • parent's store provided a friendly, non- competitive atmosphere. By taking the time to show interest in our clients' lives, we too have gained friends and repeat business by letting



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TOOLS OF THE TRADE

Pictured below is Sue Stine with daughters Julie Moss - General Manager, and Robin Blonsky - Sales Manager.



them know that they are not just a " number. Many of our clients have stayed with us for 15, 20, 25 years which is one of the great compliments of our work. Some of those clients are also 2nd or 3rd generation business owners.

Keep the salesmanship alive: In **L** • many box stores today, the showman side of the sale has been lost. I find that it's usually because the salesperson has no passion or real interest

in what he or she is selling. In settings like this, hum drum salespeople will produce a boring experience that lacks insight and an honest enthusiasm for the product.

We learned from my Dad how to tell a story, the value of knowing our product, and the importance of connecting with our client. Whether he was pouring hot coffee on a Paoli wood desk to show the durability of the heat resistant finish, or jumping up and down on a Virco children's size stack chair to show the superb quality of the steel brace, Dad was always selling with a style that often bordered on theatrics. Let me ask you this, when was the last time someone really "sold you " on a truly good product? I'll bet it was a locally owned store, not a chain.

Know when to close the deal. 3. When training us in sales, Dad would often say, "When the client is ready to buy, stop talking and close the deal." I have seen this bear out to be true over the years. Once the client has decided they are ready to buy, if you talk too much or ask too many questions, they can end up changing their mind and the sale will be lost.

4 Stay in Unity: Over the years, the focus on unity was stressed over and over. Dad and Mom wanted us to get along as siblings but beyond that, they would strive for us to get

along as a family business by emphasizing team work. We learned to take ownership of certain areas while helping each other with bids, sales calls, delivery coordinating and problem solving, things we still do today.

Deferring to each other when one of us is more suited to the task than the another is something we often do because we ultimately know that at the end of the day we want the best for each other and our business. This knowledge and trust helps provide the platform from which we work together on a daily basis.

Steady plodding = Prosperity: 5. When you have been in a business for years, it is easy to let the passion for it wain. Mom and Dad modeled the importance of putting their efforts towards a goal and staying consistent with it day in and day out.

Nearly 30 years have passed since that day my Dad got the keys to our first furniture store location. Since that time, our industry has changed significantly, especially with the onset of online retailing. Independent retailers need to focus, now more than ever, on being a local store that people like to do business with.

Whether it's using local landmarks to showcase our product in an ad campaian, or aiving away a free ipad on Facebook to increase web traffic, Crown endeavors to stay on the cutting edge.

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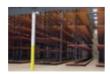
Robin Blonsky is the sales manager and co -owner of Crown Office Furnishings in T ulsa, OK . She has worked in the furniture industry for more than 15 years and wears many hats in the family owned business including merchandising, space planning and design. She blogs regularly about furniture -related topics at http://www.crownfurniture.com and can be reached via email at rblonsky@crownfurniture.com

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Cultural Sources International	732-658-0416	sean.gu@culturalsources.com	42
D'oro 682-292-0101	702 000 0110	tschmidt@dorofurnitureindustries.com	47
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S. Kluft	909-373-4211	, 0.00	51
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lex-A-Bed	800-648-1756	info@flexabed.com	49
urniture Team	717-361-7858	pete@furnitureteam.com	28
urniture Training Company	866-755-5996	markl@furnituretrainingcompany.com	66
urniture Wizard	619-482-2613	wizard@turniturewiz.com	32-33
urnitureCore.com	800-826-8868	bobgeorge@impactconsultingservices.co	
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ôtoris	888-478-6747	ccuan@storis.com 11	
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