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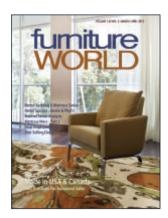


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**Cover:** Featured is a rug from Surya's Banshee line, a blend of midcentury style meets fresh contemporary. Constructed from 100% New Zealand wool and hand-tufted, this rug features earth tones and organic swirls, with just enough pizazz for a neutral room that needs a breath of fresh air. For more information about Surya, see page six in this issue, or visit http://www.surya.com.

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#### EDITOR'S CORNER

On charitable giving... Jack London... And Compassion.

Welcome to the March/April edition of Furniture World Magazine that includes the first installment in a series on industry charitable programs.

There are important business benefits that accrue from charitable giving. These include ways to engage customers with retail brands and, opportunities to hold events that bring customers into stores. Giving acts as a counterbalance to consumers' negative perceptions about business. It also provides corporate officers with opportunities to network, and build caring reputations. So, for those of you who are concerned mostly with business, please use this series as a source of ideas. You can, as social commentator Tom Lehrer noted in a song, "do well by doing good."

Corporate giving at its best is not about habit, ego or profit. We, therefore, hope to go beyond writing about these aspects of giving, to create awareness and inspire.

The author Jack London said, "A bone to the dog is not charity. Charity is the bone shared with the dog, when you are just as hungry as the dog."

And the individuals interviewed for this series are hungry. It's a type of hunger motivated by passion and a commitment that draws in the support of customers, employees and partners. We will look for exemplars of charitable giving; who notice the suffering of the world, and are working in a positive ways to create change.



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An in depth look at how to analyze one of your three critical financial statements: the Balance Sheet

by David McMahon

ost business managers can read a Profit and Loss Statement (P&L). Sales -Merchandise Cost Gross Margin - Expenses = Income or Loss, right? This is what people easily understand and focus on. The two other critical financial reports, Balance Sheet and the Statement of Cash Flow are often ignored or are improperly analyzed. In the last issue of Furniture World, The basics of analyzing a Profit and Loss Statement were covered. In this article, the analysis, including a furniture store specific case study, will be extended to the Balance Sheet.

If you have not read Part 1 of this series published in the January/ February issue of Furniture World Magazine, you can find it on the www.furninfo.com website at http://bitly.com/Gzmiyl, or scan the QR code below to read it on your smart phone, iPad, or Android:



The Balance Sheet is also known as the Statement of Financial Position. This is because it is a snapshot at one "position" in time – usually at period end. It starts when you first opened your business, and does not end until your business is either done or sold. In contrast, the Profit and Loss Statement represents a range in time and is reset to zero each year. When the P&L is reset, your income or loss for that year is recorded as equity in your Balance Sheet's Retained Earnings each year. If you have successive years of large profits, your equity in your business grows. The equity that you do not withdraw from the business is what helps finance the business. It is what fuels growth, longevity, and business health.

Analyzing your Balance Sheet is critical because it shows the strength of your business. It highlights the strengths and weaknesses of your financial position. The way this is accomplished is through ratio analysis. A ratio is the result comparing two different numbers. Once you calculate important ratios for your business, comparisons can be made with industry averages, peer performance groups, or historical results. By doing this, you can identify areas to focus on and track your improvement actions.

#### CASE STUDY

On the following page is a Balance Sheet for the same example company used in the last issue. It is a common sized statement, meaning that along side each dollar figure is the percentage of total assets that number represents. This enables a company to compare itself with the industry and businesses of different sizes. Also included is a comparative column so that we can see the change from the previous year.

#### Company Background

- Family owned and operated.
- Full line furniture, no electronics or appliances.

- One store operation with one detached warehouse.
- Family owns buildings separately and business pays rent.
- 25,000 square foot showroom.
- Vendor merchandising mid to upper.
- Special order percentage = 50%.
- 2011 Sales = \$5,000,000.
- 2011 Cost of Goods Sold = \$2,800,000 @ 56%.
- 2011 Gross Margin = \$2,200,000 @ 44%.
- 2011 Net Income After Interest and Tax = \$52,000 @ 1.04%.

Note: Analysis and Select Ratios reference the red circled numbers on the sample Balance Sheet.

1 Where are the assets? 93% of their assets are current. Current means that the assets are expected to be converted into cash in less than one year. Long term assets represent only 7% of total assets. This is probably due to the fact that the owners own the buildings separately and they are paying themselves rent. This is common. This company's health could be improved by reducing the weight of assets in inventory and accounts receivable vs. assets held in cash and securities. It would be nice to see 18-20% of total assets in Cash and Securities.

**2** How are the assets financed? This can be seen in the per cent of total assets under liabilities and equity. This business is 12% internally

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Current Assets	Dec. 31, 2011	% of Total Assets	Comparative Dec. 31, 2010	% of Total Assets
Cash 56 🗲	- \$165,000	11%	<b>—</b> \$210,000	15%
Marketable Securities	<b>-</b> \$50,000	3%	\$65,000	4%
Accounts Receivable	∽ \$100,000	7%	\$75,000	5%
Inventory	\$1,025,000	71%	\$975,000	67%
Prepaid Expenses	\$10,000	1%	\$10,000	1%
Total Current Assets	\$1,350,000	93%	\$1,335,000	92%
	/	<b>1</b>		
Long Term Assets:	¢100.000	70/	¢110.000	00/
Property, Plant & Equipment (Net)	\$100,000	7%	\$110,000	8%
Notes Receivable (Over 1 Year)	\$0	0%	0%	0%
Total Long-term Assets	\$100,000	7%	\$110,000	8%
Total Assets 3456	\$1,450,000	100%	<u>\$1,445,000</u>	100%
		★ 0 ←		
Current Liabilities:	¢050.000	1 70/	¢050.000	1 70/
Accounts Payable	\$250,000	17%	\$250,000	17%
Salaries Payable	\$25,000	2%	\$20,000	1%
Taxes Payable	\$20,000	1%	\$20,000	1%
Customer Deposits	\$550,000	38%	\$600,000	42%
Line of Credit	\$50,000	3%	\$37,000	3%
Notes Payable (portion due <1 year)	\$25,000	2%	\$25,000	2%
Total Current Liabilities	\$920,000	63.45%	\$942,000	65.19%
Long-term Liabilities:				
Notes Payable - bank	\$350,000	24%	\$375,000	26%
Notes Payable - shareholders	\$0	0%	\$0	0%
Total Long-term Liabilities	\$350,000	24.14%	\$375,000	25.95%
<b>*</b> • 111 1310	<u> </u>		¢1.017.000	01 1 40/
Total Liabilities	\$1,270,000	87.59%	\$1,317,000	91.14%
Stockholder's Equity:		2		
Retained Earnings	\$103,000	7%	\$73,000	5%
Net Income (loss) Year to Date	\$52,000	4%	\$30,000	2%
Paid in Capital	\$25,000	2%	\$25,000	2%
Total Stockholder's Equity	\$180,000	12.41%	\$128,000	8.86%
<b>T</b>				1000/
Total Liabilities & Stockholder's Equity	\$1,450,000	100%	<u>\$1,445,000</u>	100%

#### Balance Sheet for 2011 - Year End Data

financed and 88% debt financed. Their financing comes from three sources for the most part: their vendors, their customers, and their bank.

**3** Net Working Capital \$430,000. (= Current Assets – Current Liabilities.) It represents a company's ability to pay off its short-term debt. This business seems solid when looking at working capital as a dollar amount. In cases where working capital is negative, the business will have difficulty meeting its obligations. That would be a precursor to liquidation.

**4** Current Ratio 1.47. (= Current Assets / Current Liabilities.) Current

ratio is a measure of liquidity. It gives a truer picture of the business health than net working capital as a dollar amount because it can be applied to businesses of all sizes. Although some industries are different than others, a current ratio of a 2 or 2:1 is considered decent. A current ratio of 1 would mean that the business could

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## "A Quick Ratio of .5 is considered in this industry to be decent. This company's .34 could be from either an inventory or debt level that is too large for its size."

not pay for its debt if it became due. Here a 1.47 clearly shows there is room for improvement.

**G** Quick Ratio .34. (= Cash + Mkt. Securities + AR / Current Liabilities.) Quick Ratio is a more conservative measure of liquidity. Inventory is a much less liquid asset, so it is removed from the equation. A Quick Ratio of .5 is considered in this industry to be decent. A .34 could be from either an inventory or debt level that is too large for its size.

**6** Cash Ratio 23%. (= Cash + Mkt Securities / Current Liabilities.) Cash ratio is an even more conservative liquidity measure. Over 25% is good. Also note the comparative cash balance from 2010 to 2011 fell by around 20%.

• Inventory Turnover 2.8 times. (= Cost of Goods (annualized) / Average Inventory.) One reason why this business is not as liquid as it could be shows itself here. Turns are lower than the industry average and much lower than the 3.5 + turns that many retailers I see are getting. A slower inventory translates itself into higher liabilities and lower cash flow.

**B** Days Sales in Inventory 130 days. (= 365 days / Turns.) On average, it takes this business 130 days to sell and deliver a piece of merchandise. That's tough when they have to pay their vendors in 30 days. Top operations are turning in less than 100 days. And a few retailers turn so fast, and their terms are so good, that areas of their inventory are fully vendor financed.

 Gross Margin Return on Inventory (GMROI) is \$2.20. (= Gross Margin Dollars (annualized) / Average *Inventory.*) \$2.20 certainly is not bad. But it's not great either. GMROI is the ultimate gauge of Return on Investment efficiency with inventory operations. High profit operators live at or above \$2.50.

**Return on Assets (ROA) 4%.** (= Net income / Average Total Assets.) Like GMROI, ROA is a return ratio. This, however, compares the net income produced by the assets invested. This is one of the most telling signs of this company's below average results in profitability. Average total assets of over \$1.4 million only produced \$52,000 in after tax income last year. ROA should be above 20%. A store I recently worked with had achieved almost 50% ROA!

1 Return on Equity (ROE) 34%. (= Net Income / Average Total Equity.) Equity for the most part is what ownership puts into the business and the profits it leaves there. It is either debt or equity that enables a business to operate and purchase and sell its assets (its inventory). Unless an owner injects a continuous stream of personal funds, equity comes from net income, period. A 34% is on the low side here. It could be due to the company being a new business, or the owners taking out profits, or in this case, it is the lack of successive high profit years. If this business takes the right actions to become a high profit operation, leave profits in the business, and uses its capital properly, this ratio should grow. As it does, its financial position will grow and its future will become brighter.

#### CONCLUSION

The company in this example has

lots of room for improvement. Analysis of their P&L (see the previous article in the January/February issue) and their Balance Sheet here indicates that they should focus on improving some specific areas of their inventory and sales management.

They should adopt an overall goal and implement a strategy to raise GMROI from \$2.20 to \$2.60... just 40 cents. And per last time, they should take steps to improve their overall profitability. I would also advise that they leave some equity in the business to fund further growth.

"Well, 40 cents doesn't sound like that much?" you might ask.

Great question! Right, 40 cents does not sound like much. Think of it this way: at \$1 Million in average inventory, if this operation had 40 cents extra in GMROI, that would equate to \$400,000 in extra Gross Margin dollars generated each year! Their financial position would become fantastic. That's why it is worth it to Think Profit!

David McMahon is a Management Consultant with PROFITsystems and a Institute Member of the of Management Accountants. Questions about this article, or to request a similar analysis on your financial statements con-Davidm@ him at tact profitsystems.com or call 800-888-5565.

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Home Furnishings Trends

## PLUG IN TO DOMESTIC

Domestic furniture production is making a comeback. Have retailers positioned themselves to take advantage of this trend?

n January 21st 2012, the New York Times reported on an exchange of words between President Barack Obama and Steve Jobs, then the CEO of Apple. "'What would it take to make iPhones in the United States... Why can't that work come home?'" Mr. Obama asked. "Mr. Jobs' reply was unambiguous," noted the Times, "'Those jobs aren't coming back.'"

Jobs may have been correct. The iPhone may never again be manufactured here. The furniture industry, however, is showing signs of resurgence in the production and consumption of products that are made in the US and Canada. There are four general conditions that are making this possible:

- Lower availability and higher cost for goods sourced from Asia vs. domestically made furniture;
- An increase in domestic production, plus a broader choice of styles and price points.

by Russell Bienenstock

- Rising consumer awareness and demand for domestically made home furnishings;
- Retailers are becoming more aware of the need to pay attention to buying, marketing, displaying and selling the category.

The editors at Furniture World interviewed retailers, manufacturers and marketing experts to provide perspective on this trend and, give readers suggestions to help them market the category.

#### THE SUPPLY SIDE SHIFT

In his book, "The Furniture Wars: How America Lost a Fifty Billion Dollar Industry", Mike Dugan details the reasons why furniture manufacturing went overseas in the later part of the 20th century. Everyone in our industry is familiar with this story. He writes about how furniture importing accelerated as domestic furniture manufacturers transferred capital and manufacturing expertise to Asian factories. After the Sino-U.S. trade agreement in 1999 and China's admittance into the World Trade Organization, this trend became unstoppable. By then, competitive pressures compelled industry players to take advantage of the cheap labor, business friendly environmental and work rules, and newer more efficient factory settings in overseas markets.

Recently though, the pendulum that once favored offshore production is swinging back toward a neutral position. "There's a great back-story driving what's happening in this industry," observes Bruce Cochrane, President of the recent domestic casegoods start-up Lincolnton Furniture. "In China, goods are now being directed toward domestic consumption. Projections are that China will go from less than 5 per cent of global consumption to almost 25 per cent in the next eight years. US importers are, therefore, facing the prospect that China will be consuming much of what they can make, and be importing from much of Asia."

According to Cochrane, ongoing











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#### "Today our consumers are saying, 'I want to know where this was made, what kind of wood it's made from, and I want to feel good about purchasing this

piece of furniture." - Diane Ray, Garden City Furniture

structural changes in China's economy, the impact of labor shortages, wage increase and higher shipping costs for Asian sourced goods, are causing something that few in our industry thought probable. "Retailers are seeing that it is tougher to get imported goods," he says. "It may be just the tip of the iceberg, but there is definitely going to be a supply issue for furniture retailers."

Santa Clarita, CA based retailer Norb Moniz, Jr., President of A Royal Suite Home Furnishings, agrees. "With prices of imported products on the rise, and the cost of getting them here increasing," he notes, "we are seeing that it isn't as easy or as cheap as it used to be to get imported products. China's productivity and their cost of goods are rising rapidly."

#### DEMAND IS RISING

Furniture World asked Jim "Mattress Mack" McIngvale of Gallery Furniture to explain what's driving an increase in consumer demand for domestic furniture.

"It's a recession when your neighbor looses his job. It's a depression when you lose yours." He replied. "And everyone in this current environment has seen a neighbor be out of work. We've also noticed that this Made in America trend has picked up a lot of steam since ABC started talking about it on Good Morning America. I think that it is only going to become bigger, and more smart retailers will begin to tell the Made in America story because that's what people want to hear."

Diane Ray, President, Garden City

Furniture, and NHFA Board Chairman also sees a positive trend. "Consumers are asking for domestically made products across the board," she told Furniture World. "This young generation Y wants wellmade products, and they don't want to wait 16 weeks to get a replacement part. They are used to getting instant gratification, and they are very picky about what they buy. These customers will buy one piece if that's all they can afford, and wait to get the other pieces as their financial situation permits. Our older customers are telling us, 'oh it's so good to see made in America again.' That's what I am hearing out on the floor."

When asked about his younger customers, Chester Hine, President of New Mexico-based retailer Amish Connection, says that he sees the same customer buying behaviors as Diane Ray. Amish Connection sells only American made products. "Many of our customers are baby boomers," he says, "but we are seeing more younger shoppers. Because we carry



President's Day Sale promotion on A Royal Suite's website features Norb Moniz, Jr. saying, "I'm committed to putting Americans back to work. We feature American Made Furniture." Moniz is also featured in their television spots. "Our television spots," he says, "have been most effective with American-made products because people can see and hear our sincerity."

Above is the Made in USA Brand certification mark, a non-mandatory brand enhancer and identifier of goods made or grown in the United States.



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#### "The good salespeople say, 'This upholstered sofa's made in the United States.' They tell customers what part of the country it's made in, and they tell them a story about it."-Jim "Mattress Mack" McIngvale, Gallery Furniture

Amish made furniture, these younger customers have confidence that they can buy a bed and maybe one nightstand, then purchase the dresser later." They don't need to worry about the set being discontinued, so they don't feel compelled to buy a complete, but more promotional set. "We can almost always," Hine explained, "get matching pieces from our Amish craftsmen suppliers. Even stuff that we sold years and years ago, and that we don't carry anymore, can be ordered. Our store has items from about 120 craftsmen on the sales floor including products like jams and jellies, plus smaller accessories. We shop both the Ohio Hardwood Furniture Market and the NIWA Indiana shows."

Norb Moniz, Jr., has also noticed that demand for his domestically sourced products have increased, an observation that was a major motivation for his decision to move to a larger location and expand his selection of furniture made in America.

"Our community," he noted, "is middle-class, and the middle class has been affected most by imported products. Before 2011, I don't think the middle class really realized the true impact of manufacturing plants being shut down across the US. Now they're starting to wake up. We get a substantial number of people who walk into our store after having shopped in the local big box store that carries a substantial amount, or all imported products. Many people from this community just don't want to buy there anymore."

Canadian retailers interviewed for this article emphasized that their customers are looking for locally made products, well constructed and competitively priced, but not necessarily Made in Canada. This outlook is quite possibly a reflection of the health of the Canadian economy that has seen much higher levels of job growth and lower unemployment over the last two years than its southern neighbor.

Paul Comrie, Senior Vice President for The Brick, one of Canada's largest volume retailers of household furniture, mattresses, appliances and home electronics says, "Our customers tell us that they want more Canadian made domestic goods and, depending on the region where a store is located, it can be more pronounced. But so far it's only anecdotal information. We have no data to say there is an uptick, or that the consumer will pay a premium for domestic goods."

Comrie says that in spite of this, The Brick's "goal is to grow the rate of penetration of our domestic sales relative to our import sales, or at minimum at least maintain the current mix."

Sue Toby, owner of Insideout Home Store, Victoria, British Columbia, emphasizes that her customers are more

The http://www.mattressmack.com Blog discusses products made in America as well as "cool" furniture finds in High Point, videos from customers about what they like and don't like at Gallery Furniture, design information, store and community news. 'Mack' is pictured top left. The new meaning of *Personalizing Comfort.*™



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## PLUG IN TO DOMESTIC: SALES TIPS

focused on the broader consumer trend towards seeking locally sourced products, that she considers to be made both in Canada and the USA. "I believe there is a trend to buy locally made products," she told us, "However, we usually say North American made, as we have so much to offer between the two countries." She observes that, "people are very interested in local, but it is still about the dollar. Our customers are still shopping price, so even though they may want to buy local, if it's made somewhere else cheaper, they will purchase cheaper."

"I don't think there is a trend per se for Canadian made furniture," adds Steve Forberg of Toronto based Decorium, "but I have noticed a trend in consumers requiring better quality products. Whether it be from Canada, U.S. or Asia, they just want a product that will last."

Paul Dekker, owner of Conway Furniture, Listowel, Ontario agrees that Canadians want value, but he has noticed increased awareness among his customers. "There is a trend," he says, "and we are seeing people who realize we need manufacturing here in Canada and North America. They set out with that as part of their ideal, whether they end up buying Canadian or import depends on the salesperson and the value.

"Canadian consumers want value. The imported products, in many cases, are less expensive, especially on more unusual and elaborate looks. The challenge is to source more interesting domestic products that show good value, but that isn't easy in a lot of categories. If you can show the value, the Canadian content is the clincher."

#### CONNECT WITH YOUR CUSTOMERS

Most of the people interviewed for this article, believe that furniture retailers can do a better job of connecting with potential customers who are interested in purchasing domestically made products.

We asked Katherine Andes who specializes in copywriting for SEO and web content development, to provide some expert guidance. She is also a contributor to Furniture World's weekly e-newsmagazine.

#### TIP #1: Pick Appropriate Website Images

"If you decide to put patriotic logos such as flags on your website to show a commitment to domestically sourced furniture," said Andes, "I recommend that these loaos be placed on every single page. Look for logo that really stands out. Do a Gooale search for the phrases 'Made in USA', 'Made in Canada', etc., and then look at the top, or top left of the search results page. There will be a label that says 'images'. Click on it and thousands of images will appear including lots of logos. Browse through them to see which ones clearly stand out, and strongly communicate where the products are made. Once you get an idea of what type of image will work for you, you can either hire a designer to create something similar from scratch, or click through and buy the rights to use an existing logo."

Marcie Gabor is President, Made in USA Brand and a principal at marketing agency Conrad Phillips Vutech. The Made in USA Brand is an organization that helps American companies identify their products by providing them with the Made in USA Brand certification mark, a non-mandatory brand enhancer and identifier of goods made or grown in the United States. We asked her to also comment about choosing a logo to use for materials. "Many companies place small icons next to products to show that they are made with wind power or have recycled content, but they may not have an identifier for which products are made in the USA. There is a great opportunity to get this message across to customers, so even if they aren't looking specifically for products made in the USA, it now becomes top of mind. Studies have shown that new consumers, we call them conscientious consumers, who are thinking before they buy, are conditioned to look at labels. They already look for organic, or products made with wind energy or made locally. Polls have shown that there is an equal amount of interest in products made in the USA."

#### TIP #2: Add Alt & Title Tags To Your Website Images

"Once an image or images for your website have been selected," continues Katherine Andes, "make sure that your developer fills in the alt tag, also called an alt attribute. Search engines use alt tags to identify images. So, if someone is searching online for products that are made in America, that logo will show up. Use a variety of alt tags. I searched for some key terms that furniture retailers should be looking at," she told Furniture World. "For the month of January, 450,000 searches were made for the phrase

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### PLUG IN TO DOMESTIC: SALES TIPS

'Made in America'. 'Made in USA' had 673,000, and 'Made in the United States of America' had 90,500 searches.

"I suggest that furniture retailers put the alt tag 'Made in America' on some pages, 'Made in USA' on others. 'Made in the United States of America' is not as important, but if you have a lot of pages, I would also recommend that you include that. For Canadian furniture retailers, adding alt tags for 'Made in Canada' is equally useful."

Also make sure that your title tags include the title of the picture, and describe it accurately. Users will see this title when their mouse hovers over the picture.

#### TIP #3: Add Descriptive Text To Your Videos

Andes says that, "Videos are great and I highly recommend them, but always add text to summarize their content. Some users won't be able to get your video to play, and others just won't want to take the time to sit and listen. They would rather quickly scan the text."

#### TIP #4: Optimize Your Website For Keywords & Phrases

"If you can manage to get Made in the USA or Made in Canada Furniture, and other important words and phrases into the descriptive text on your website without making it sound awful, that's great," Andes says. "But if you want to track and rank high for specific words or phrases, it gets a little bit more sophisticated.

"In general, furniture retailers do have attractive sites, and they're doing a good job of getting their products up on the web. In terms of paying attention to how visible their website is when consumers search for keywords, and in the area of helping their stores stand out from the competition, however, they're not doing a very good job.

"And the reason that most aren't



Cardi's Furniture's website (left) featured a large banner for Lincolnton Furniture with links to an interview featuring that manufacturer on NBC's Rock Center. paying close attention to website visibility, is that they don't have anyone on staff who has the time or training to keep up with it, or they haven't outsourced it yet. It's often hard for retailers to wrap their heads around what professionals are doing with keywords, title tags and alt tags. This is not necessarily work that needs to be done full-time, so it's important to either find someone outside the organization who is skilled at this kind of work, or get a staffer some training and coaching."

#### TIP #5: Create A Page or Section On Your Site

Armanda Turney, President of Armanda Designs, Inc., the web development company that created Furniture World's www.furninfo.com website suggests that it is an excellent idea to create a separate web page or section that tells the story of why and how you buy domestically made goods. "Increase the effectiveness of your message by creating a page that tells your story," she says. "Briefly discuss the choices you made and why it's important for your business to offer American made or Canadian made furniture. Include photos, customer testimonials and related information on your suppliers, sustainable and quality features. But it's not enough to just create a great looking page. Make sure that your page title, page section headings and meta tags include phrases that potential customers are most likely to type in to search engines such as, Made in the USA, Made in America, American furniture manufacturers, Made in Canada, etc. Also include supplier's names in your meta tags. And finally, the visible text on your page should be





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Vermont Wood Studios covers all the bases on its website (vermontwoodsstudios.com) which includes high quality video that tells customers about their business philosophy. It features a local craftsperson, speaks about environmental stewardship and product quality. The company has chosen not to link to the websites of their suppliers. A banner to Copeland Furniture provides complete information on the line including, "10 reasons to buy Copeland Furniture Here at Vermont Woods Studios." The Made in USA logo appears on most every page, as does the SFC logo.



written in a way that incorporates as many of these searchable words or phrases as is practical, without being too obvious."

#### TIP #6: Use Pay Per Click Wisely

"If you're really ambitious," concludes Andes, "you could run a pay per click campaign to tie into patriotic events on a national or local level right before holidays like the Fourth of July, President's Day or Canada Day holidays. So when people are looking for information on local fireworks displays, other events, specific news items, or anything patriotic, you can quickly put up a pay per click campaign, and your ad will show up in a Google search next to the results.

"And it's a good idea to keep your eyes open for breaking news stories all year long. Recently a major network ran a series about furniture Made in America, and people were doing internet searches for additional information. You and your suppliers may not have been mentioned in the story, but you could still have done some pay per click advertising so that your ad appeared next to every search result for that story. Google ad words and other search engines have the same kinds of programs. You should be very careful using Google Ad Words though, because Google can run through a ton of your money very quickly. It's important to hire a pay per click expert so that your ads don't appear in the wrong places, causing too many clicks that are just empty clicks. Some retail managers I know do their own pay per click ads. The successful ones spend a lot of time studying, and a lot of time tweaking their results. So, if you have a real passion, do it yourself. But if not, my suggestion is to bring in an expert."

#### TIP #7: Attend To Patriotic Holiday Advertising

We've all seen ads that run before national holidays that promote huge discounts and attractive financing, accompanied by bold graphics. "I noticed some furniture store advertising this past President's Day," observes Made In USA Brand's Marcie Gabor. "The ads were big on promotion, with lots of stars and stripes graphics. But it wasn't possible to know from where these stores sourced their furniture. Holidays such as Presidents' Day and the Fourth of July are good times to think about doing something substantial, something big to promote Made in America and tell a real story."

Diane Ray from Garden City Furniture is already working on this kind of promotion. "We are just beginning to kick off an advertising program emphasizing our Made in America effort," she said. "In fact, our initial kick-off will be in July. Up until now, the news has been spread by word-of-mouth, floor displays and instore signage. But we intend to begin to promote Made in America during a two-week Fourth of July Made in America sale. We are located in a resort community where the Fourth of July is enthusiastically celebrated. We sponsor fireworks in our local community, and are working on a flag give-away with purchase. Customers will receive a free American flag to display at their home if they so choose. The promotion will feature lots of signage at the front of the building plaving up the Made in America direction. And of course we will promote with TV, radio, newspaper ads and through our website and Facebook page."

As for big patriotic events to promote Made in Canada, Paul Dekker, owner of Conway Furniture, Listowel, Ontario told us, "I do some radio advertising focusing on some of our good Canadian suppliers. We also do a Canada Week event, and get as patriotic as Canadians get!"

#### TIP #8: Tell Your Story In Advertising & PR

If you don't tell the story in your advertising and public relations efforts, you can't do a good job of attracting customers that self-select for

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an interest in domestically produced products.

Larry Mullins has been telling Furniture World readers for years that creating selling messages in print is a lost art in the furniture industry. "Promotional flyers, ROP newspaper ads and direct mail all look alike and fail to tell a story," he tells us. "Is 'No Payments Until 2012' really the only message we have for the consumer? Don't we have anything to say about the things our fabulous products, dedicated service and unparalleled expertise can do for their home? They need to be complemented by a compelling message." For stores that carry domestically sourced furniture, there is an opportunity to create a compelling story with emotional content. It can relate the history of your store, the history of your suppliers, consumer benefits and your motivations as a thoughtful merchant.

A number of retailers are doing just that. "Wherever possible we promote Made In America products," Gallery Furniture's Mack McIngvale told Furniture World. "That's because I think it makes people buy more from us, and appreciate who we are. When they see that we are working



Made In Canada

hard to provide jobs for Americans including some right here in Texas, I think that's relevant, and it certainly increases our credibility. Plus it's a big part of who we are and why we are in business. Our ads mention that we buy Made in America whenever possible to make the public aware that we sell Made in America upholstery and Made in America wood furniture."

from Chester Hine, Amish Connection agrees that telling a story is key. "For retailers who are thinking about aetting into American-made products," he says, "it's just sales and marketing 101. You have to differentiate your product, and tell them what makes you different. In our case it's the Amish craftsmanship, the solid wood and the conversion varnish finish. People are willing to pay for the quality if you can differentiate it, and talk about its longevity."

Like Amish Connection, Debbie Crepeau's company, Upperwoods Furniture Company, Edmonton, Alberta, is a domestic furniture specialist, though she carries only Canadian made products. "We are the 'Passionate Purveyors of Canadian Made Furniture', she tells Furniture World. We use this tag line on all of our mail pieces, ads and website, TV and even a little radio."

The final word on promoting comes from A Royal Suite Home Furnishinas' Norb Moniz, Jr. "We recently went from carrying primarily mattresses and bedroom, to a full-line store, he explained. "Royal Suites has been around for over 30 years, and consumers have been requesting a wider selection of products from us. And due to the lack of independent retailers in our area, we decided to expand into a full-line store that actively promotes American-made products."

Moniz, who is growing the percent-



Retailers that carry furniture made in America should consider putting a logo or identifier on every page of their website, then take it one step further by adding alt and title tags to the imaaes.

age of domestically sourced products in his store, is the featured spokesperson in every one of his TV spots promoting the American-made theme. "We use mostly television and radio to promote the category," he says, "Our television spots have been most effective with American-made products because people can see and hear our sincerity."

He suggests that retailers work with suppliers to get listed on their websites and encourage them to tell their stories on a national level. Moniz tells of his recent experience following a national broadcast of an interview with Bruce Cochrane. "We are listed on The Lincolnton website," he said. "When the program ran, we received about 30 phone calls. People said to us, 'when you get the product in, we want it. Call us, and we are going to buy.' It was as simple as that. No prices were mentioned and, it didn't matter. It was unbelievable. Our phones rang off the hook for three days. Lincolnton is upper end for us, as is Furniture Traditions, another "Tell them what makes your store different. In our case it's the Amish craftsmanship, the solid wood and the finish. People are willing to pay for the quality if you can differentiate it."

-Chester Hine, Amish Connection



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"When people are looking for information on events, specific news items, or anything patriotic, you can quickly put up a pay per click campaign, and your ad will show up in a Google search next to the results." -Katherine Andes

quality line we carry."

A number of our interviewees mentioned that working with manufacturing partners is critically important. "For retailers to be able to do the best job they can, it has to start with the furniture manufacturer, Marcie Gabor advised. There is now a great opportunity for manufacturers to claim openly that they're making furniture here. It starts with a compelling story on the manufacturer's website about where the product is made, its quality, and the craftsman who make it. The story continues with their label on their product, and with something visible like a hangtag that the consumer can easily see. I think that this has to be in place before retailers can convincingly convey the message to the public." But it need not end there. Retailers can benefit by working to provide useful online information such as links to articles and videos, and by promoting the lines they carry in digital newsletters, article marketing, blogging and Facebook posts.

#### TIP #8: Wayfinding In Your Store

Whether style and price is a customer's primary focus, or if they are looking specifically for Made in USA or Made in Canada furniture, it is a good idea to let them know up front that you've made a commitment to the category.

Marcie Gabor whose certification mark is used by several furniture manufacturers, suggests that, "Wayfinding is important. Customers react on the spot to what they're seeing when they enter a store. So if the category isn't easy to find, then you've lost an important opportunity. Point-of-purchase materials are really important and these are not limited to just hang tags. Floor decals, counter cards and shelf talkers, can be used to identify and tell about American-made products. And it can be done in a tasteful way. Sometimes retailers overdo it with huge flags and patriotic displays that may not be a good fit for their store. It is possible to get the point across in a more subtle, design friendly way, perhaps taking a hint from stores that feature organic products a more lifestyle approach."

Insideout Home Store's Sue Toby, is thinking of taking a different approach for her Canadian-made furniture displays. "Signs on our display boards that say 'Made in Canada', and include a story about the products, where the wood came from, etc. I am getting some signs made that will say Canadian-made, but I want them to be special. I am thinking of using a beaver or a moose. Probably sounds weird, but I think they will turn out great!"

Upperwoods Furniture Company Owner Debbie Crepeau feels that she doesn't need special signage to promote the category. "Specific techniques to highlight Made in Canada are not really needed in our store as ALL of our furniture is Canadian made," she says.

#### TIP #9: Sales Associates Need To Tell Your Story

There are three main ways that retailers interviewed for this article tell their stories to customers. Some intro-



Above, the Google AdWords website at www.google.com/adwords2. It's easy to quickly put up a pay per click campaign to take advantage of events and news items, but be careful. Poorly conceived campaigns can be non productive and expensive.

duce domestic goods as a separate category with its own features and benefits. Others look at Made in USA or Made in Canada as a product feature. Specialists, like Debbie Crepeau's Upperwoods Furniture Company goes further and treats these products as equivalent to her store's brand.

"Our best salespeople introduce the topic of Made in Canada as customers enter our showroom," continues Crepeau. "all our furniture is made in Canada and is of great quality. Solid wood, superior finishing process, controlled emissions and many of our manufacturers are focused on becoming green and using finishes that are formaldehyde free."

New Mexico based retailer Norb Moniz, Jr., says that "the Americanmade story is part of our presentation. There's a quality aspect, a customer service dimension, and a delivery story. We don't bash imported goods and we don't bash our competitors. It's not our style. We feel customers out VISIT 80 QUALITY SOLID WOOD SPECIALIST UNDER ONE ROOF









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and make them aware if what they are looking at is American-made or not. Some people don't really care. The people that are strong American buyers, and we are seeing a huge amount of those right now, will tell you, 'I only buy American, show me only American.'

"Maybe it's because we've been promoting it and getting behind it, but I've never seen anything like what's happened in the last three months. The nice thing is that all of our salespeople on the floor, ownership, management and all the way down to our customer service department, all believe in it strongly. Everybody here is proud, more so every day, when they can sell American-made products. When I put a new group on the floor and it's made in America, they're excited."

When asked about his salespeople, Gallery Furniture's Mack McIngvale told Furniture World, "the good salespeople, and that's about 60 per cent of them, bring it up. They say, 'This upholstered sofa's made in the United States.' They tell customers what part of the country it's made in, and they tell them a story about it. The good ones use it to their advantage. We have no problem telling the Made in America quality story, if it is indeed quality furniture. The stuff that is quality, we tell it loud and we tell it proud. We tell them, for example, that the furniture we get from Mayo Manufacturing is made in Texas, is beautiful and that they don't make furniture like that in China because it costs too much to ship it over here. We are proud to say that it's bigger, better and it lasts longer. We also carry Simply Amish, a great Made in America line of upper-end bedroom and dining room furniture."

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"If you're a salesperson and you're talking about upholstery or case goods from Harden or Norwalk," says Marcie Gabor, "the customer knows where it comes from. It doesn't originate in an ambiguous location. Customers can go back and find out about its roots, it's history, its quality story. It gives them a choice to buy a desk from Pottery Barn, of unknown origin, or they can buy from Vermont Wood Studios, Thomas Moser, or Stickley and create a leaacv. Salespeople should always talk about what makes the product superior and sometimes even cost a little more. And, in addition to creating jobs at home, salespeople can present the benefits of buying local and buying green as well. Made in America is the next 'green' because there is such a hunger to buy green products, and now there is a similar craving for buying the red white and blue, made in USA products. A lot of that is because there is less of a carbon footprint for furniture products shipped locally or nationally versus globally."

At Garden City Diane Ray told us that, "Right now we are looking at 20 to 25 per cent American-made goods on our floor. Our salespeople bring up that it's made in America, and do let customers know that we are making a strong push for made in America at this time. We have a whole collection with one factory, Vaughan Bassett. It is a big statement for us to have eight bedrooms from one vendor all made in America, on the floor. And It is great to see that people realize that we are offering such a great value. We also carry Bassett, Broyhill, Flexsteel, Smith Brothers, Yutsey and Winesburg. We will probably do business with additional Amish vendors and expanding the amount of Amish products on our floor."

#### TIP #10: Don't Forget Other Product Benefits

Only one of the retailers interviewed for this story, Paul Comrie at The Brick focused his comments on the back-end advantages he sees for buying domestic. "We are motivated to sell domestic goods for the inventory efficiencies and the benefit we supportina derive from local economies," he noted. "Responding to a consumer's desire to buy domestically made goods is our secondary reason. The primary reason is the benefits we receive on the supply chain side. Vendor reliability, quality of the product, low inventory carrying costs, and the ability to react quickly to promotional needs since we are such a promotional company.



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"Price still wins out on our floor, so we have had to identify the value added benefits we get from domestic goods. If you don't see that value, and work on the same initial markup as offshore goods then most times you are putting the consumer in the position to pay a premium for domestic goods." -Paul Comrie, The Brick

"So far we have yet to see that you get a sales lift simply by calling that benefit out. The Brick has yet to see customers pay a premium for domestic goods, so the bigger benefit is not necessarily for the end consumer in our opinion. We believe the bigger benefit is for the retailer. And the more successful we are at selling domestic, the more streamlined our distribution becomes. The commitment we have had to make is on the margin component and recognizing that the price has to be equal to offshore in order to perform at retail. What we sell still comes down to the values we offer The Brick consumer. We recognize that we need to work on lower initial markup for domestic goods because the price needs to be equivalent to offshore goods with similar quality stories. Price still wins out on our floor so we have had to identify the value added benefits we get from domestic goods. If you don't see that value and work on the same initial markup as offshore goods then most times you are putting the consumer in the position to pay a premium for domestic goods. Offshore will win out every



time on our floor in that scenario."

#### TIP #11: Ask Suppliers For Support

Norb Moniz, Jr. explains that, "The problem we have as retailers, of course, is the lack of American-made furniture products. I've seen a substantial increase in that, and if you really sit down and do some research, and really look for vendors, you can find them. And those American-made companies are hungry and willing to do what they need to do. More so than ever before. They are glad to participate in flooring of the goods, and customer service. There's so much more available now from American-made manufacturers."

#### CONCLUSION

In the past few months the industry has seen a modest increase in the number of domestic furniture manufacturing jobs. And despite consolidation in the Canadian furniture market. strong domestic producers persist. Companies like Stickley, Harden, Vaughan Bassett, Copeland Furniture, AA Laun, Omnia, Braxton Culler, Décor-Rest, Ashley, Bassett, Bermex, Dutailier, Furniture Traditions, Hickory Chair, Elran, Country View, Flexsteel and scores of others design and manufacture a wide range of domestic products. The result is that domestically made furniture at all price points, and with mainstream styling, is easy to find.

Clearly Norb Moniz, Jr., of A Royal Suite Home Furnishings is excited. "I believe," he said, "that when I come back from High Point next year, American-made could be 80 per cent of our store. It's a huge trend right now. Furniture retailers, manufactur-

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"Sometimes retailers overdo it with huge flags and patriotic displays that may not be a good fit for their store. It is possible to get the point across in a more subtle, design friendly way." -Marcie Gabor

Biltrite Furniture in Milwaukee (http://biltritefurniture.com), has established an identity that includes many products that are made in America. The site says that, "Our specialties include affordable quality furniture and mattresses and a large selection of USA and Amish made furniture. The USA MADE logo appears on each page of their website.

ers and consumers are going to be the ones to put Americans back to work."

Garden City Furniture was founded in 1947 by Diane Ray's father. She told Furniture World that like many in our business she "grew up during the time when American furniture brands were really strong. And I can say God bless America, I'm so glad to see the industry come back here. We are a small independent store of 40,000 square feet and it's been a learning curve to have to deal with the import products over the years. We survived, we dealt with it, and changed our



methods of doing business.

"Today our consumers are saying, 'I want to know where this was made, what kind of woods it's made from, and I want to feel good about purchasing this piece of furniture. They see that America is ready for a new direction. I know our consumers are happy to see these products in our store. Their eyes just light up when we say, 'this piece is made right here in the United States, in Virginia, shipped to us, just the way it used to be.' And it feels good when I call up a factory and say, 'I need one night stand,' and hear the reply, 'I'll have it to you tomorrow, Ms. Ray."

Bruce Cochrane gives us our final words on this subject. "I think what I'm seeing mainly is a lot of retailers realize how important American-made furniture is," he told Furniture World, "because they are having so many customers come into their stores and ask about it, now more so than ever before. That's something that I hear from retailers as I travel all over the country. I also see that many of them don't have any American-made products at all, and even if they do, they don't have enough to really make enough of a statement. So number one, retailers need to have it on the floor if they want to promote it. Number two, if they have it, they need to promote it, mention it in their ads, and say, 'come see our made in America collections.'"

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am Parker wrote a distinguished work titled, " 212: The Extra Degree". The core concept of the book focuses on the fact that at 211 degrees water is hot; at 212 degrees, it boils.

Seemingly small things in the "profession of persuasion" make a significant difference.

Mr Parker suggests that applying an extra degree of temperature to water means the difference between something that is simply very hot and something that generates enough force to power a train.

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"Seemingly small things in the profession of persuasion make a significant difference." tional challenges... and they may involve ..... other industries.

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- 31 to 32% on our homes, our furnishings, amenities and upkeep;
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All remaining categories are single digit. They include: additional taxes, electronics, recreation, vacations, computers and communication, utilities, pets and vets, medical care and pharmaceuticals, insurance plans and protection, miscellaneous and sometimes savings.

We did not include college educations, charitable donations or emergency expenditures.

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# "One extra degree of improvement can make the difference in successfully competing for your customer's disposable dollar and a share of the market."

ber of dollars. They stretch only so far and every merchant wants a  $\operatorname{cut}$  – of – the – buck.

And if your customers do not drive past your competitor's place of business, other entrepreneurs call on the phone; send an email or direct mail. If they don't advertise by mail, they sell their databases to someone that does; use TV, radio, newspapers or magazines; highway billboards; bumper stickers; even take to the sky with hot air balloons and blimps.

Now -- I'll ask the question again... who is your greatest competitor?

Regardless of what we sell, regardless of how we increase our knowledge or improve our skills, it is imperative that we seek continuous improvement.

Remember that adding just one extra degree to hot water brings it to a boil. That one extra degree of improvement can make the difference in successfully competing for your customer's disposable dollar and a share of the market. for your consideration are eleven actions that can help you to ad that extra degree:

### #1- Frequently Engage

In Continuing Education:

New management and business concepts evolve continuously and it is essential for managers to keep current. The good news is that it is easier to access continuing education from a variety of resources such as the internet, industry associations and institutions of higher learning.

The American Management Association (AMA) conducts hundreds of seminars each year. Of the courses they offer, one of the most frequently attended are the time management seminars.

Ralph Waldo Emerson said: "This time like most times is a very good time – if we know what to do with it". Many of us suggest if we had more time we would be more successful. It is important to note you have exactly the same number of hours per day as William Shakespeare, Madam Curie, Mother Theresa, Thomas Edison, Henry Ford, Steve Jobs, Thomas Jefferson or Bill Gates.

### #2 - Stay Active In

Important Community Affairs:

Consider service organizations such as Rotary, Kiwanis, Lions, United Way, Meals on Wheels, Habitat for Humanity, YMCA, Scouts or the American Red Cross. Our normal sphere of influence is 220 to 240 people. Involvement in just one organization can double or triple your sphere of influence in your marketing area in a positive and meaningful manner.

### #3 – Build Brand Recognition:

Much advertising stresses features and benefits, however, features/benefits are of little interest to your customers until it is time for them to make a decision. The critical first step when a need or a want arises is to trigger the name of your business or products in the mind of your target consumer at that time.

### #4 – Become A Specialist:

Market with the intention to become the leader in a category. It is difficult to become all things to all people. When you become a generalist, like big box stores, price is frequently a leading consideration. As a result, to simulate sales, margins shrink and frequently, quality is moderated.

Innovators excel. Imitators follow. First in the market, gains and retains market share. Steve Jobs with new, innovative ideas, and creative ideology triumphed price and sales soared without price or discounting becoming the key consideration.

Specialization separates your prod-

ucts and services from the masses and protects margins. Perhaps the most significant way to create the Unique Selling Position (USP) is to become the specialist in your marketing area.

### #5 - Understand Your Limits:

Don't attempt to be all things to all people. Mastering and managing your inventory is a challenge that carries a cost of  $2\frac{1}{2}$  to 3% per month. The Dartnell Sales Corporation advised the rate of turnover was the most important factor in business.

Find your niche in the market. Make it the focal point of your business. Master the scope of your products, service or operations and you'll become the master of your fate.

### #6 - Measure The Effectiveness Of Your Forecasting:

All spending is predicated on forecasted revenues. When we find that our forecasts are not accurate, we over-inventory, over-staff and overpromote. When reality does not meet expectations we are frequently met with cash flow limitations.

### #7 - Stress People Skills:

Stabilize your work force. Minimize your turnover. One of the major reasons that businesses fail is failure to match skills to the job.

Employees who enjoy their work excel. People relate to people, frequently more so than they do with products.

Michael Abrashoff, U.S. Navy military management specialist, advises when personnel turnover occurs, the cost of developing proficient skills for maximum effectiveness in the new position, as a result of change, is equal to  $1\frac{1}{2}$  times the employee's salary.

Most impressions are made in the first 10 to 20 seconds. First impressions are important.

Psychologists suggest that if customers like us, they trust us. Trust is critical if we are selling service and quality as opposed to price. Price seldom generates customer allegiance and repeat sales. It is far more costly to advertise to bring in traffic than to retain an existing one.

#### #8 – Avoid Discount Fever:

Almost daily the frequent incentive to encourage traffic and sales is the insidious discount. Many who attempt to match competitors find it the road to ruin. Accountants advise cash is king. Yet nothing compromises cash flow more than discounting.

#### #9 – Learn To Manage Change:

Business is changing with the speed of light with advancements in logistics, communication and technology. Psychologists advise the biggest problem in business and industry is resistance to change or as Edwin Deming preferred to call the process "transformation". Successful managers focus on building a "culture of change" that employees are willing to adapt. It is understood that more important than the change is the manner in which change occurs.

#### #10 – Stress Publicity.

Use a balance of advertising and publicity. Advertising is a necessity. However, publicity with emphasis on storytelling has proven to be 5 or 6 times greater than the readership of ads. In addition, when publicity features people the retention of the story is enhanced.

### #11 – How You Purchase Products And Services Is Directly Related To How You Sell:

Buying in a manner that allows you to offer options is a meaningful step in closing the sale. fail to close the sale are: a failure to offer options; coming back with the same sales pitch; and rationalization. Close by offering options of size and design. This helps minimize the yes/no closed response and involves the buyer in a meaningful manner. And consider the merit of options other than product including payment plans, guarantees, delivery, etc.

### REMEMBER TO APPLY THE 212 PRINCIPLE

Unless 212 is your constant companion, your business is at risk of attaining just lukewarm performance.

The history of successful business entrepreneurs suggests that the great-

est challenge we face may not be external competition but the selfimposed internal limitation of the mind. If that's true, regardless of the nature of your competition or the state of the Union, small things in the "profession of persuasion" do make a difference, and you are in control.

Ray Morefield has been affiliated with leading corporations in the furniture, housewares, hardware and coatings industries. He has also served other industries in an advisory capacity through his company Common Goals, Inc. Questions on any management topic, or comments on this article can be sent to him by emailing editor@furninfo.com.



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Some suggest 3 major reasons we

# BEST SELLING **DESIGNS**



### Jaipur Rugs

Garden Party in Ebony from the Blue Collection. This striking rug is hand-tufted in wool and art silk. Made in India SRP: \$440 for 5'x8'.

Contact information on index page 106.



### Dutailier

The Urban gliding chair features an exclusive modern base with side panel in exotic wood, regular wood and upholstery options. Available in several combinations of finishes and fabrics. Made in Canada.

Contact information on index page 106.

# Agio

Balmoral Fire Pit Chat Group includes four deep seating swivel chairs with regal quatrefoil accents surrounding a portable gas fire pit with elegant copper inlays.



# Wallbeds

New for Spring is the Table Bed in clean white lacquer, available in eight different finishes. Made from Birch solids and veneers, with over 19 different side cabinets available. Made in America.

Contact information on index page 106.



# Leather Living

The Mandalay Sofa is transitional in style shown here in rust color European full-grain leather. Features include high back pillow top seat and arms, solid wood frame and exclusive selfadjustable back cushions. Made in Canada.

Contact information on index page 106.



# Country View Woodworking

The transitional "Ashton Bedroom" is shown in a rich tobacco finish. The handcrafted simplicity extends to its showroom-friendly lineup of three dressers, two nightstands, and mirror. Made in America.

Contact information on index page 106.

### March/April 2012 FURNITURE WORLD 41

# BEST SELLING **DESIGNS**





### Mega Motion

Designed with an enhanced weight capacity of 500 lbs., the LC-500 3-position heavy-duty chaise lounger from the Yorkshire Collection provides superior durability and features. With five fabric selections available, this chair is the perfect choice for the larger individual.

Contact information on index page 106.

### Capel

The Royalty collection is traditional in design and available in 10 different patterns. Shown in Green Gold, this elegant rug is hand tufted and made of pure wool in India. A 5'x8' rug may retail for \$439.

Contact information on index page 106.

### **Furniture Traditions**

The Mid Wall with adjustable bed drawer pedestal, dresser and mirror are the perfect size for smaller areas. Full-extension glides on big drawers allow access to every inch of drawer space. The adjustable bed drawer pedestal provides a large amount under-the-bed storage. Features include dual lights with individual dimmer switches, pull-out drink trays, ample storage, and secret compartments. Made in America.



### **Copeland Furniture**

Audrey Dining is mid-century modern in design. The double 'X' formation of the table trestle creates a state of dynamic tension giving the design a rigid base that provides diners with plenty of unobstructed leg room. Tables and buffets are available in a number of sizes and configurations to meet the needs of almost any dining space. Made in America of solid American Black Walnut.

Contact information on index page 106.



### Decor-Rest

Contemporary styled sectional with semi-attached back cushions. Shown in Falcon Graphite with throw cushions in Michela Yellow. Made in Canada.

Contact information on index page 106.

# Variér

The Invite dining group is a piece of art that fully connects with the the dining experience. The gently curving seat with integrated tilting system will support and respond to body movements.



# BEST SELLING **DESIGNS**



# Mat The Basics

"Fauna" is a hand tufted mix of New Zealand wool and viscos, cut and loop high and low pile, hand carved for added textural interest. Made in India and available in sizes 5'2"x7'6" and 7'10"x9'10". Priced from \$499 to \$990.

Contact information on index page 106.



### Loloi Rugs

The Resama Collection features flat-woven Dhurrie designs that are integrated with vintage silk saris within the weave. Each unique piece features an array of vibrant colors.

Contact information on index page 106.

# Elran

Lena is contemporary in style and shown here in its home theatre configuration with pop-up head rest. The reclining blanket chaise seating is enhanced with power and blue LED lights in the cup holders and along the bottom of the seats. Made in Canada.



# Omnia

Beautifully handcrafted in multiple leather and hair-on-hide, the Contessa bed is ideal for every leather aficionado, featuring sweeping curves on the headboard and footboard. The zebra-print hair-on-hide also helps highlight the curvature of the bed. Made in America.

Contact information on index page 106.



### Horizon Home

From the new Bombay collection 48" Bar with shuttered front panel, and metal footrail. Features include wine rack, storage drawers and shelves on the back side. This unique piece is made of distressed solid wood with hand painted finish. Made in the Americas.

Contact information on index page 106.



# Greenington

The new Currant Bedroom Collection is reminiscent of vintage Mid-Century Danish Modern styling. Collection includes the standard queen or eastern king platform bed, nightstand, six drawer double dresser, five drawer high

chest and media unit. All are available in a rich honey-toned caramelized finish or new

dark walnut. Made in America. Contact information on index page 106.



# BEST SELLING DESIGNS



### Huppé

The Swan collection is constructed of select American Walnut solids and veneers. Backs are completely finished allowing placement in the center of a room. High quality hardware is used on drawers equipped with invisible self-closing slow motion slides. Beds are available with Italian slatted base or wooden platform. This collection is available in a variety of UP Walnut colors and micro-textured lacquered finishes. Made in Canada.

#### Contact information on index page 106.



### Yoder's Woodworking

This large screen entertainment center is carefully hand-fitted and assembled by sensitive craftsmen with a passion for quality and responsibility, using selected quality hardwoods. A multiple step finish is applied and hand sanded to provide a rich warm feel and lasting protection. All glass doors come standard with smoked beveled glass. Available in Shaker and Traditional Country style. Made in America.

Contact information on index page 106.

# Home Trends & Design

This company manufactures and designs upscale home furnishings, specializing in solid wood casegoods, accent furniture, dining tables, leather upholstery and accessories. Shown is the Brutus dining group made from solid Acasia wood.



# Donco Trading

Modular Loft, in pine wood/veneers, shown in a rich cappuccino finish with built in desk, and twin caster bed. Different modular ends can be replaced, as needed. This configuration retails for \$649.

Contact information on index page 106.

### **Glenmont Furniture**

The Canterbury bedroom collection is inspired by the Shaker style of the 1700's. This set comes with four bed choices: pencil post, panel, storage, and turned post, with options for low footboard on the panel and turned post beds. Shown here in Rustic Cherry with an Antique Cherry finish. Made in America

Contact information on index page 106.



# LR Furniture

Computer Rolltop desk features dovetail drawers, full extension drawer slides, raised panel back and kneehole. Finishes are Brown Maple/Rich Tobacco. Additional options available. Made in America.

### Contact information on index page 106



# Braxton Culler

Pictured is the Stars and Stripes sofa. It was created by this High Point based manufacturer of furniture for the entire home. This sofa is being used at retail to attract attention and show commitment to Made in America products.



# A HOPE TO DREAM

Lessons the Ashley Furniture HomeStore organization learned while implementing a charitable giving program at the retail level.

Interview with Kendra Maggert

ditor's note: The following interview with Kendra Maggert, Interactive Marketing Manager, Ashley HomeStores, Ltd., is the first in a series focusing on charitable initiatives in the home furnishings industry. The object of these articles is to provide models for those in our industry who have an interest in supporting existing programs, or in launching meaningful charitable initiatives of their own.

Question: What is the purpose of the "A Hope to Dream" program?

**Answer:** A Hope to Dream's mission is to help less fortunate children get a good night's sleep by providing them with a mattress set (twin Ashley Sleep memory foam mattress, foundation/ frame & comforter set).

Question: What reasons did Ashley Furniture HomeStores have for focusing on children as the program's beneficiaries?

Answer: We wanted to continue our

efforts in making a difference in communities where we operate, and at the same time, create a charitable effort that Ashley Furniture HomeStores could call its own.

Since children are a vital part of any growing community, we looked for a way to help them to live healthier and more productive lives. We know that a good night's sleep has a positive impact on all areas of a child's life, from academics and extracurricular activities to relationships with friends and family.

Question: Did one individual in the organization champion the initiative?

**Answer:** Ben Thorud, our Sr. VP, Ashley HomeStores, Ltd., was the driving force to get the program started. He asked if I would be interested in leading the program and be responsible for developing the SOPs, logistics, assets, launch process, etc. I was honored! Since then, we have had so many other employees join in making the program a success. Without their help and passion, the program wouldn't be where it is today. It truly is a group effort.

Question: What considerations should Furniture World readers who are thinking about starting their own program be mindful of?

**Answer:** First, you need to ensure you are starting a program for the right reasons - what is your intention? Is it genuine? If so, you're on your way to success. Then you begin to prepare by making sure that launch documents,

"Going on deliveries, meeting the families and seeing the smiles on kids faces is what drives me!" - Kendra Maggert



Photos taken on mattress deliveries.

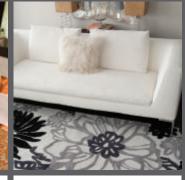


A Hope to Dream (Jacksonville, FL) partners with Salvation Army to provide 50 beds to children in need this past holiday season (left).

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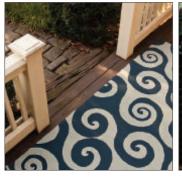
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H



# "Be prepared by making sure that launch documents, assets, roll out checklist and training are all in place before launch."

assets, roll out checklists and training materials are all in place. If your intention was truly genuine this is where you will see the program come to life. Your staff will become engaged and want to spread the word about the goodwill that they, and their company, are a part of.

Question: What steps did you take to make sure the program would roll out smoothly?

Answer: We began by first developing program details and assets at a corporate level and rolling out the program in 52 of our corporately owned Ashley Furniture HomeStores. We wanted to make sure, that as designed, the A Hope to Dream program would address the local need and guarantee that our store staff would embrace the program. It did! After 6 months, we had given away almost 900 beds in our 52 corporate Ashley Furniture HomeStore locations.

Then we invited our Ashley Furniture HomeStore licensees to join us in their own local markets. Today, we have over 170 independently owned and operated Ashley Furniture HomeStore locations supporting the A Hope to Dream program (visit www.ahopetodream.com to see a full list of participating locations).

We have also found it beneficial to assign one or more "Local Market Champions" in each market. These people are responsible for coordinating a smooth and effective roll-out, including making connections with local schools, churches, and other community organizations. It works best if the official person in charge has a passion for the program and a willingness to educate others – knowing that others will follow once they get involved and create their own personal connection.

However, it's important for any organization to remember that when starting a program like this, that the responsibility of the program's operation should not rest solely with just one person.

Question: Did the organization learn any valuable lessons?

**Answer:** We learned that programs like this won't run on their own. Effort has to be applied continuously to keep them alive.

We found that it is very important to make contacts in the local community and keep them abreast of program efforts and updates. Without the involvement of these community partners, who act as ambassadors, it would not be possible to have a viable program. After all, the A Hope to Dream program needs these contacts to refer children in need of a mattress set.

Seeking out community members and establishing trusting relationships



Pictured is a brochure that explains the program and helps to generate leads to find children in need.

is time consuming, but is essential to our program.

Question: How has working on A Hope to Dream influenced you personally?

**Answer:** Watching the program grow has been an indescribable experience. Going on deliveries, meeting the families and seeing the smiles on kids

### CHARITABLE PROGRAM POINTS TO CONSIDER

1. Ensure your intention is true, factual and genuine.

2. Get employees involved – let them bring the program to life. What they DO, they will UNDERSTAND.

3. Create contacts that count at schools, churches and local organizations – they will become ambassadors for your program.

4. Be careful using your program for its PR and sales-building potential. It's "ADDED VALUE" and should not drive your program initiatives.

5. Remember to manage the program based on your original intention – to give back and make a difference!

# **CHARITABLE PROGRAMS**



"The newsletters keep the program living and remind our staff that they are making a positive impact in their local communities – year round."

faces is what drives me! Personally, it has opened my eyes and made me realize how easy I had it growing up.

We knew there was a need and that many children don't get the sleep they desperately need, but to be honest, I think many of us were shocked at the level of need that exists in our own backyards.

Question: Did you need to do any special corporate or tax planning?

**Answer:** A Hope to Dream is not a registered charity. We looked into this, but we came across some limitations with our licensee structure. We really wanted our program to live at a local level – allowing our stores to collect funds and distribute them in their own local communities.

The accrual accounts are set up at the store/market level. At the end of each month our licensees look at how many mattresses they sold and multiply by the donation amount. It's as easy as that!

However, we do have customers ask if they can make cash donations to the program. Since we are not a registered charity, we cannot provide them with a tax deduction form, but some customers are okay with that too.

Question: What can retailers do to ensure that charitable initiatives don't become a secondary priority? Answer: I believe that it is very important for retailers to manage the intention of their charitable programs. At the end of the day, an effort such as this does take time and resources. However, the full team including marketing, customer service, sales, finance, delivery, etc. should be reminded of the program's core intention. In our case, it's to help children and make a difference in our local communities.

This is another reason why getting staff involved in the program is critical. We invite our staff to call recipients and go along on deliveries. This allows them to make a personal connection, and tell their own stories about what the A Hope to Dream program means to them. We know if we provide the opportunity for our staff to DO, they will UNDERSTAND. They will naturally want to move the program forward, knowing that they help to make a difference in their communities.

Question: Is it important to set goals for any charitable effort?

Answer: Yes, we set goals on the number of mattress sets we hope to give away, and we're always looking to increase store participation. In our first year alone we gave away almost 2,000 beds. For 2012, our goal is to double that!

Question: Do companies need to be careful not to seem to exploit recipients or congratulate themselves too much? Answer: Yes, I think there is a fine line to be walked. It becomes a problem if an organization's charitable intention is NOT true, factual and genuine. Store staff, customers and the local community will see through it. After all, reading from a script comes across like pretending to care, so anyone in a retail organization who needs to memorize his or her lines will come across as not genuine, and that will reflect negatively on the entire effort.

That's why I take the time to share personal stories about deliveries and try to get across the simple fact that something most of us have always taken for granted, a bed to sleep in, is not a reality for a number of children. I only encourage stores to become part of the A Hope to Dream program if they have a true desire to make a difference and help these children.

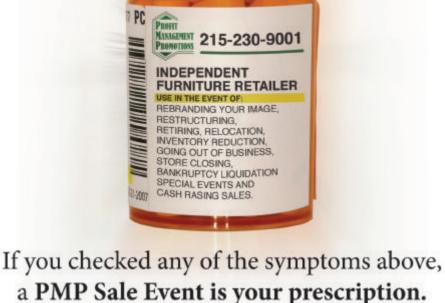
Question: Based on what you see in our industry, what final advice can you leave with Furniture World readers?

Answer: Get employees involved! These programs should be a feel good for all, and something many employees have the ability to touch and help out with. If your staff is not involved, the program will lack life and energy. Allowing retail staff to have a personal connection to the program will allow their true passion to shine through and make the program what it is, or intended to be, heartfelt and real.

# Are you suffering from **Retail Furniture Depression?**

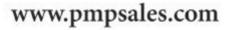
### Check all that apply:

- Can't pay your bills on time
- Floor displays are looking old and worn
- Losing key people
- Don't have enough money to advertise
- Tired of making excuses to credit managers & customers
- Putting in personal money to keep the business going
- Business is stressful and affecting your personal life
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### SCAN HERE

# **THE POWER IS YOURS!**

Retail guide to selling power bases.

#### his installment in Furniture World Magazine's "Selling Better Bedding" series will focus on one of the fastest growing and most profitable bedding sector items, variously referred to as the power base, adjustable base, power foundation or lifestyle base.

Five industry experts were interviewed to give Furniture World's readers insight into how to best promote, display, present, and manage the category.

### THE ADJUSTABLE PAST

"Until recently a lot of people didn't know what an adjustable was," Ben Groce, CFO of Flex-A-Bed, a manufacturer of beds and mattresses tells Furniture World. "It was a product that retailers stuck in the corners of their showrooms for use by old people with back problems. Now that the industry is marketing the product to such a wide group of people, it has opened up the customer base, and created new awareness."

Jay Thompson, President of Leggett and Platt's adjustable bed group, the largest supplier of adjustable bases, also recalls that the "previous view of the category as something that your

#### by Russell Bienenstock

kids buy for you when you are one step away from the nursing home. I'm a part of the generation," he says, "that remembers commercials targeted to an older customer. The reason for this change are that an effort has been made to re-market the category. The product itself has been improved to include more style components, making it, in some ways, like a piece of furniture. The functionality is more advanced as well, with creature comforts that help improve overall wellbeina."

Industry veteran Niles Cornelius, General Manager, Hickory Springs Retail Products Division that markets the iCare line of adjustable bases. agrees. He remembers when, "Retailers used to put adjustable bases in the back of the store, a twin-long sold as electric bed, that was made for grandma to transition before she went into a nursing home. I know that sounds terrible, but I think that's what we were stuck with. And back then a number of people in our industry advised retailers to do a better job of selling adjustable bases. A few people like myself were passionate from the beginning, but we were swimming upstream. Retailers would tell me, 'We

don't get very many calls for electric beds.'

### **RECENT CHANGES**

Martin Rawls-Meehan, Managing Member at Reverie, a leading manufacturer of Mattresses. Adjustable Beds and Pillows, provides perspective on the recent growth of the category. "We started selling in the US market in 2004," he says, "and at that time a lot of retailers were afraid to sell power bases. There were a limited number of suppliers, and it was difficult to get retailers to carry the product with more than one or two floor models.

"We've seen a big change over the last few years, and part of that is due to the emergence of specialty bedding. The industry has seen an explosion in the amount of advertising and the volume that's being done. Retailers are looking at consumer response, and are reacting."

Johnny Griggs, President of Domestic Sales at Eraomotion, a major OEM suppler of lifestyle foundations, agrees that the rise in the popularity of the specialty-bedding category created the right conditions for this transition. "The mattress industry used to enhance sleep prod-

New iterations of power bases allow for more comfortable positions for sleeping, reading, interacting with family, television watching and massage -- all in a fashion forward, technically attractive package. Photo compliments of Ergomotion.

# ARE YOU ADJUSTING?





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Tradition. Innovation. Performance. W O R L D W I D E "So I ask them, if they would rather turn a mattress set that has a \$300-\$400 foundation made out of cardboard and wood, or turn a \$2,000 base underneath that space."

-Niles Cornelius, Hickory Springs

ucts," he observes, "by adding coils and additional layers of foam. But the focus of the past five years has been on specialty sleep, which has seen significant growth. The industry made a lot of recent progress in producing mattresses that provide the proper support and comfort by adding new and innovative materials, but then asked, 'What else can we do?' So, now there is a focus on lifestyle foundations that allow consumers to more comfortably sit in bed and watch television, work on a laptop, read, or just sit up and have a conversation. The concept has been gaining ground for several years, but over the past year and a half, especially since there has been more brand advertising by Serta and Tempur-Pedic with motion being integrated into the message, we are seeing a huge transition. Consumers are starting to ask for it now."

### **RETAIL GROWTH TRENDS**

Furniture World asked our experts what they think is driving this trend and, the answer we were told, is profit. Power bases provide a huge benefit for retailers because they don't take up any additional floor space. Reverie's Martin Rawls-Meehan observed that the economics of the past few years has caused retailers to look for ways to increase revenue. "In the recent down-economy," he says, "retailers looked for ways to maximize the dollar value of every sale."

Johnny Griggs from Ergomotion elaborates, noting that, "Retailers have an finite number of square feet dedicated to their bedding department. So if a retailer has 50 SKUs on the floor, how great is it that all they have to do is put a lifestyle foundation under each mattress. It's a very easy process."

Hickory Springs' Niles Cornelius, told Furniture World that he "reminds retailers that they have a finite amount of retail space. "A 60-inch wide by 80-inch queen power base with a mattress on top," he points out, "has the ability to turn six to 12 times per year. So I ask them, if they would rather turn a mattress set that has a \$300-\$400 foundation made out of cardboard and wood, or turn a \$2,000 base underneath that space. Even if they only turn the mattress 6 to 12 times per year, and the power base turns three times per year, that represents a big improvement in sales dollars."

Cornelius believes that although the sales volume in power bases is currently a small percentage of total bedding sales, the conditions are right for a huge increase in volume. He also believes that the industry only has a window of 18 months to two years to make this happen.

Martin Rawls-Meehan at Reverie is also optimistic. "Obviously," he says, "adjustable bases are still a very small percentage of the whole foundation market, however, when you look at some of the retailers and some of the brands that have really committed to the category, the attachment rates are extraordinary. There's no reason to think that the market share for the cateaory as a whole couldn't substantially increase from where it is today if that wave of confidence continues. So, as we see more brands and retailers feel confident in the product's potential, and go from showing a couple of floor models to putting them under all the mattresses on their floors, we are going to see adjustable bases get to double digit market share overall. How much farther than that it aets, depends on us as manufacturers and innovators. It depends on what we are able to bring to the marketplace in terms of new functionality. price points etc."

### BEST PRACTICES FOR ADVERTISING

When asked about what kinds of advertising support Furniture World's retail readers should provide to the category, Leggett & Platt's Jay Thompson explains, "It helps to condition the consumer with advertising that shows an image of a mattress with an adjustable base in television commercials, newspaper flyers and on websites. It's also a good idea to show the product articulated, with images of people from multiple age categories, not just the elderly". These are practices that help retailers promote the category and target their advertising towards people who are the best candidates to buy this product and might not know about it yet. This is what most good retailers are already doing today in order to condition their customers to say when they walk in the store, 'you know what? I saw that thing in the paper.'

"Some retailers that dedicate an entire flyer in the Sunday paper to adjustable bases, may not be the ones who are really knocking the cover off the ball. The ones who are, really

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know what to do with the consumer when they walk in the door."

More on what retailers are doing to increase consumer interest comes from Reverie's Martin Rawls-Meehan. "If you look at what's happening today," he says, "obviously you see some national advertising campaigns including some of the great things that Tempur-Pedic has done for the category. That's important. Retailers are also running ads featuring reasonable price points that include an adjustable base with a nice mattress -- and that drives consumers into stores. Slumberland has done a really good job of driving in business with ads that feature power bases in their general sale advertising.

"A lot of retailers are using promotional price point mattresses on promotional price point adjustable beds to bring in business. I've seen sets promoted at \$999 or lower for an entrylevel queen with an adjustable base. Retailers are trying to hit the sweet spot for price points and drive traffic into stores. And many lower price point mattresses these days are compatible with adjustable foundations. This brings customers into stores who, in many cases, will purchase a product at a higher price point than is shown in the advertisement.

"With that said, however, advertising alone is not going to do it. My sense is that particularly today, the biggest challenge that retailers have in selling adjustable bases is getting retail sales associates to show them every time, or even better, start the sale on an adjustable base every time.

### DISPLAY TECHNIQUES

In researching this article, Furniture World was told repeatedly that retailers who do a great job of selling power bases have sales associates that do an exemplary job of presenting them at every opportunity.

"We think that one of the first keys to doing this," comments Leggett & Platt's Jay Thompson, "is to have a number of adjustable bases on the sales floor, commit to the category, and place them in prominent places throughout the showroom. I was in a sleep shop last week and they were all buried in the back. None were articulated, they were displayed flat with no way for customers to tell that the foundations were capable of movement. A selling associate told me, 'Well, you know, I kind of bring adjustable bases up late and if someone mentions that they might have pain or something, I show it to them.' Retailers who are getting better results are placing these bases in prominent places in the showroom, under good selling mattresses that are adjustable-friendly. It also helps to display at least a few of them in an articulated position to attract the attention of customers.

"Another best practice is to not only have a number of bases on the floor, but also arrange them in a good, better, best lineup. A retailer that shows three bases on the floor, maybe one or two models of each, spread throughout the showroom and displayed nicely with some of them articulated will have an easier time of working them into a selling sequence.

"The question of how to display power bases is a good one," Hickory Springs' Niles Cornelius adds, "frankly, retailers are all over the place on this issue. When consumers walk into the store they may not even know what a power base is, so one of the most successful ways to introduce them, is to have as many bases on the floor as possible, mated together with adjustable-friendly mattresses. Consumers will see people raising them up and down. There is immediate identification, and some will ask, 'what is that?' It's a talking point. And that gives salespeople an opportunity to start a conversation. When retailers display some of the beds half raised up, that's a talking point as well. Consumers will ask, 'So, these beds go up and down?' Then you're right into your presentation. But there is another view, that it is best to display all the beds flat and price tag them

"Even though this perception is changing, when a retailer displays a mattress in an articulated or upright position, what happens a lot of the times is that younger couples, vibrant couples and people who don't have a health need, won't even look at that mattress. -Johnny Griggs, Ergomotion

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showing the mattress and foundation set price, and then underneath, include the words 'with power base'. So, perhaps it says, \$3,000 for a mattress and a foundation, or \$4,500 with a mattress and a power base. Even without sales assistance, customers will get the idea and think to themselves, 'Oh, I saw that ad on TV.

"A powerful technique is to get the customer into the zero gravity position by elevating the head a little, then elevate the feet slightly above heart level.

- Martin Rawls-Meehan, Reverie

That must be the power thing.' So they're already pre-selling themselves on the idea, and also getting used to a \$4,500 price. There are a lot of stores doing it this way. Sometimes out of necessity, because salespeople may be waiting on multiple customers, it's a good idea to have this kind of display and good signage, so by the time the customer is engaged by an associate, they've got some pricing in their mind."

Ergomotion's Johnny Griggs suggests that retailers use the flat bed display approach, and that mattresses be paired with an appropriate base. "We always recommend that the retailer just put their lifestyle bases in the flat position because 99 per cent of customers that come in a store are looking for a mattress only. Adjustable bases are still thought of as a health/ older person's product. And, even though this perception is changing, when a retailer displays a mattress in an articulated or upright position, what happens a lot of the times is that younger couples, vibrant couples and people who don't have a health need, won't even look at that mattress. It can send a subconscious message that this is more of a health issue product than an actual lifestyle bed. So, in today's market, it is always better to just lay it flat and then you have the element of surprise once the customer has chosen a mattress. Then you can say, 'let me show you how you can enhance your new mattress choice,' and start the demonstration putting customers in positions that fit their lifestyles.

"Here is what we recommend regarding display. If a mattress is adjustable friendly, retailers should put a coordinating lifestyle base under it. That's because when a customer lays down on a mattress they love, you certainly don't want to ask them to walk across the room to a mattress that they didn't like, to show them the lifestyle base."

"With respect to display," adds Reverie's Martin Rawls-Meehan, who also suggests flooring as many adjustable bases as there are adjustable-friendly mattresses displayed, "retailers that embrace this

Photo compliments of Reverie

practice have seen an amazing correlation between increasing the number of floor models and per floor model sales. Art Van has embraced this idea, and is seeing extraordinary success.

"It makes the sales process a whole lot easier if a retailer has an adjustable base under every mattress that's compatible, and has lined up the good, better, best mattresses with good, better, best adjustable foundations. So, whatever mattress a customer chooses, the sales associate can present the base right then and there. Not every retailer wants to set up their store like that, so the challenge then becomes how to figure out how to pair up the mattresses and foundations in such a way that the sale can happen as naturally and smoothly as possible."

The final word on display comes from Ben Groce of Flex-A-Bed. He suggests that retailers who don't show a large number of adjustable bases on the floor, leave their beds in a flexed position so that when customers walk by, it distinguishes them from all the other dozens of flat beds on the floor. "So, the customer will say, 'Hey this one moves, let's try it out.' We always recommend displaying two twins side-by-side," he suggests, "a dual king. That way customers can select different mattresses, even mix an innerspring on one side and latex or memory foam on the other."

### PRESENTATION TIMING

There was some disagreement



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# "Showing them how much more their mattress can be than just a flat surface, is key to closing the sale. - Jay Thompson, Leggett & Platt

among our experts as to whether it is best for sales associates to introduce the subject of a power base early in their presentations.

Jay Thompson at Leggett & Platt observes that, "Introducing the product earlier, is one of the things that some of the bedding brands that have a lot of success suggest. They show their products as part of a system, working them into their selling sequence, and letting consumers experience them sooner, rather than later. Bringing it up early helps customers start to think, 'Maybe this is something I would like to consider,' or if they're not interested, they can shut it down. Bringing it up later in the process as an accessory -- well let's face it -- a power base is a verv expensive add-on. Our recommendation is for sales associates to use the presentation style they are comfortable with to sell mattresses, but to be creative and work the adjustable base into the process sooner rather than later.

"By the time consumers have decided that they're going to buy a mattress; it feels to them like the sales associate is trying to add something on to the sale. And that's really what they are trying to do when they say, 'Now that you've chosen this adjustable-friendly mattress, could I interest you in this thing?' We've learned that attachment rates are reduced the later adjustable bases are brought up in the process. When it becomes a more integrated part of the experience of buying a new mattress, the likelihood of success is higher.

Hickory Springs' Niles Cornelius tells Furniture World that there is a way to "bring it up at the beginning. With this scenario, the sales associate can go through his or her usual welcoming ritual, and then say, 'By the way, have you seen the advertisement for the advanced Ergo power base that goes up and down?' And, if they reply, 'Yeah, I saw that on TV.' The salesperson can respond by saying, 'We just got a new base on our floor that I would like to show you. Do you have a second?' That's a merchandise greeting used to introduce the power base product early in the sales process. But unless the customer gives buying signals, it isn't a good idea to dwell on the power base. Instead get them focused on the more immediate aoal of choosing a mattress.

"My observation with retail sales associates is that if a product, option or accessory isn't brought up early in the sale, they are dead. That's because as the sales process advances, customers are considering the price of the mattress, figuring out how they are going to pay for it, and maybe if they will be able to pay off their credit card balance at the end of the month. And as products are added, the total rises. So, if the customer has been closed on a \$3,000 mattress, and then the subject of the foundation is brought up at the end by saying, 'By the way, this bed will bend,' and the sales associate starts to present a \$1,500 power foundation, there is a higher likelihood of running into resistance. That's because she's already anticipated the total price she will be paying. Instead, sometime earlier in the presentation, it is useful to look her in the eye and say, 'You know, I just want to remind you that when you buy a new mattress it's not all you need for a good night's sleep.' At that point the mattress pad, pillow and the base can be brought up, so some or all of those items can be added into her internal calculations.'

Ergomotion's Johnny Griggs has a very different view. "My personal feeling," he says, "is that it is best to find the right mattress for the customer first, only introducing the base after the customer says, 'This is the right mattress. It supports me, comforts me and I would like to have it delivered on Wednesday.'

"99.9 per cent of customers who walk into a bedding department say, 'I'm looking for new mattress,' not, 'I want one of those mattresses that move.' Once they find the right mattress, it's time for sales associates to use those great questions they asked previously to help them introduce the lifestyle base to enhance the choice that they've already made.

"Even though I advocate presenting the lifestyle base later, as I do training across the United States I do see that some really good sales Associates will tell customers earlier in the sales process, 'We're here to find the exact right mattress for you, and we are going to make sure that the support and comfort is there.' They might also bring up pillows and mattress protectors at the beginning. And then they'll add, 'We're going to talk about the foundation choice as well because we do have a couple of options, so let's get started by finding the right feel and comfort for you.""

Hickory Springs' Niles Cornelius adds, that aside from a possible brief mention at the beginning, it can be dangerous to introduce or demo an adjustable base too early in the presentation. That's because, "you don't know what kind of a mattress the customer is going to choose yet, so if you start at the beginning by saying, 'By the way, we have lifestyle bases that you are going to absolutely love,' and the customer chooses a mattress that is not adjustable-friendly, now all of a



Photo compliments of Reverie

sudden you've backed yourself into a corner. You need to tell them that they can't have an adjustable base with the mattress they've chosen."

### **PRESENTATION TECHNIQUES**

We've established that in order to effectively sell power bases you need to show them in a substantial way, and focus customers' attention on the category. The next step is giving a formal presentation. First and foremost, customers must be encouraged to lie down on the mattress and made to feel comfortable. A number of techniques for doing this were presented in "Dreaming of Better Bedding Sales – Part Three", posted to the article archive on the furninfo.com website.

"When a presentation that's ideal for an adjustable bed is given," Reverie's Martin Rawls-Meehan explains, "we see attach rates in many cases that are 50 per cent or higher. But when it's not shown, obviously, people can't buy it, or if it's not shown right, or not shown with confidence, it's not going to sell.

"People have different perspectives, but in our opinion you really want to get customers to feel the benefits adjustable bases provide during the presentation. An extraordinarily powerful technique is to get the customer into the zero gravity position by elevating the head a little, then elevate the feet slightly above heart level. This takes pressure off of the lower lumbar curve, distributing it throughout the body, and giving the customer a sense of weightlessness. It's a position that relieves the pressure and tenseness generated by the central nervous system typical of lying in a flat-back position on many mattresses. We find that



Photo compliments of Ergomotion.

when customers are moved from the flat position to zero gravity, experience our massage system and are told about the system's features and benefits -- when they are lowered back to a flat position with the massage turned off, they sense immediately that going flat is no longer as comfortable as they initially thought.

"They may also sense the difference with the massage motor on versus off, realizing that a pain in their neck is gone or that there has been a positive improvement in circulation. That is something you can't replicate with just the pitch by itself. When they return to the flat position, customers realize that they do not want to lie flat anymore. As soon as that happens, the sale is pretty much made."

Leggett & Platt's Jay Thompson couldn't garee more. He says that, "Showing them how much more their mattress can be than just a flat surface, is key to closing the sale. Getting them on the bed and getting them to experience the range of positions, is absolutely essential to closing. Research suggests that the in-store presentation sequence is a key driver to closing the sale. Most people don't want to buy these things unless they've experienced them. If they see it in a magazine or a newspaper, they may say, 'That's interesting.' But if you don't get them to lie down and have an experience, they are much less likely to buy.

Thompson warns salespeople that, "Most consumers don't want to be overwhelmed by technical details. They care about buying a safe, highquality product that does what it is supposed to do, lasts a long time, and is backed by a reputable company."

With regard to technical specifica-Sprinas' tions, Hickorv Niles Cornelius, believes that it is important that salespeople understand some aspects of construction so they can make general benefit statements to customers. "For example," he says, "they can say, the steel chassis that's under this unit is the strongest in the industry and what that means to you is if you have two people on your bed, along with a heavy mattress, having that strong steel chassis will ensure you that your foundation will have a long life because the weight will be distributed evenly.' When they know the features and benefits of a unit, it can't help but improve their retail presentations."

Ergomotion's Johnny Griggs provides additional suggestions on how to perform an expert presentation. "I always raise the lower body slightly before I do anything," he explains. "It's a feeling that everybody can recognize because when you raise the lower body first, it relieves stress off of the lower back. Then once the customer says, 'That's high enough, that feels really good,' I move the upper body into whatever position is appropriate for their lifestyle. If I found out earlier that they have a TV in their bedroom, and the customer told me that they wake up early in the morning

and watch the news, then I might ask them, 'By the way, how do you watch TV? You usually stack the pillows, right?' And, if they reply, 'yeah.' Then I say, 'Let me ask you how would this be?' And then I raise the upper body. It is always a good idea to start with a lower body massage feature first as well. Then introduce the upper body massage.

"That's how I do it, but a lot of sales associates are successful with putting customers immediately into the zero gravity position that 99 per cent of customers love. Then they look at them and say, 'Do me a favor, Mr. and Mrs. Smith, don't move.' And then they press the flat button and don't say a word. They let it go flat, look at them, notice them wiggling, and say, 'How does that feel compared to the other position you were just in?' And they will say, 'Oh, please put me back in that zero gravity position.' At that point they've already sold themselves. They are thinking, 'I don't want to be put back in the flat position."

Flex-A-Bed's Ben Groce gives us an alternative way to language going from upright or zero gravity to the flat position. "As you are lowering them down," he advises, "say, 'Okay, I want you to tell me when it gets uncomfortable,' then lower the bed back down toward a flat position. As the bed lowers, every time they will say, 'It's beginning to get uncomfortable.' And then, when the customer gets back to a flat position, he or she will tell you, 'This is the most uncomfortable position.'

# "When you tell them, 'Oh, and by the way, we're going to give you a \$300 credit on the flat base.' It's a better closing technique than saying, 'Let me tell you how much more this lifestyle base costs.'" -Johnny Griggs, Ergomotion.

And then you say, 'That's how you are sleeping right now.' That's the way we close sales here at our factory showroom and it works nine out of every 10 times

### **CLOSING THE SALE**

Our retail experts all agree that the most important contributing element to a successful close is a proper beginning. When retail conditions include great display, a willing customer, and a knowledgeable, motivated sales associate; closing can just happen naturally. Often times, however, customers can have objections and price concerns that can benefit from an additional sales technique.

"Either the selling process starts with signage, or with the beds displayed in

different positions, showing that they are resting on power bases," continues Hickory Spring's Cornelius. "And one of the most successful retailers I've seen, after going through the process of mattress selection, closes by saying, 'Now, let's talk about the foundation.' And in most cases, the consumer looks at them guizzically and replies, 'What do you mean, the foundation doesn't come with it?' And the salesperson says, 'Of course it comes with it. But you have options. I'd like you to lie down here, and I'm going to show you my recommendation.' At this point the salesperson demonstrates the power base.

"But let's say that following the demonstration the customer says, 'So this adjustable foundation changes the price?' The salesperson replies, 'The foundation that comes with this bed has a certain amount of cost to it. But if you upgrade to a power base, I can give you credit for the flat foundation that comes with it, and you will only pay the difference.' At this point, the worst thing that will happen is that the customer will buy the mattress they selected along with the flat foundation.

"Another variation on this close that I happen to like better goes this way. The salesperson says, 'Let's talk about base options,' followed by the same reply, 'I thought that comes with it.' The salesperson then says, 'Yes it does, but let me tell you what your options are.' The salesperson then demonstrates the power foundation



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and quickly tells them, 'You can get this mattress with a standard height nine inch foundation simply made out of wood and cardboard. It has one job, that is to hold a mattress up to height so you can make your bed. Or you can get a low profile if you need your bedspread to touch the ground.' Consumers notice that the power foundation is the first option presented, and that flat foundations have the seemingly unimportant purpose of just holding the mattress up. This makes the adjustable base option seem much more attractive."

Echoing Cornelius' observation, Johnny Griggs at Ergomotion mentions that the close often begins with customers asking the price. His personal preference is not to give out pricing during the demonstration. If the customer asks for pricing, he also prefers to offer a credit for the cost of the flat base. "This really resonates with customers," he says, "When you tell them, 'Oh, and by the way, we're going to give you a \$300 credit on the flat base.' It's a better closing technique than saying, 'Let me tell you how much more this lifestyle base costs.'"

### BLUNDERS, OBJECTIONS, UNFORTUNATE MISTAKES

Commenting on common errors, our panel of experts gave the following advice:

**Selling features without benefits:** "A major error sales associates make is selling a feature without the benefit that is matched up to the customer's need." -Jay Thompson, Leggett & Platt.

Making assumptions about your customer: "Another mistake is assuming that your customer cannot afford an adjustable base, or for some other reason is not a candidate. That's too bad, because there are a lot of opportunities to get surprised when retailers actually take the time to put customers through the selling sequence and try to understand what their needs are. If you show them how the product can improve their lifestyle and their comfort level, a lot of people say, 'You know what, I want to invest in this, I'm "The salesperson says, 'let's talk about base options,' followed by the same reply, 'I thought that comes with it.' The salesperson then says, 'yes it does, but let me tell you what your options are.' The salesperson then demonstrates the power foundation and quickly tells them..." -Niles Cornelius, Hickory Springs

investing in my comfort and wellbeing.' Judging them early definitely decreases the attachment rate. There are probably going to be low conversion rates in some parts of the market. But there is a much broader market for adjustable bases than the 45 or 50 year old man or woman who has a nice watch and is looking at Visco foam mattresses. There's a much broader audience that can afford it and is willing to pay. Jay Thompson, Leggett & Platt.

It won't fit with my frame: "Many problems arise because sales associ-

ates are not sufficiently prepared to professionally present power bases. So, for example, a customer might say, 'My grandmother passed down a headboard that was hand carved in 1812. Will this work with it?' And if the sales associate isn't properly educated, they might not know that any situation can be accommodated during delivery. So even though this is a question, not an objection, if the customer doesn't feel that he or she received a knowledgeable response, they will probably say, 'You know, I'm just going to go with the wood foundation. I know that will work." -Niles

Cornelius, Hickory Springs.

Neglecting customers' health concerns: Most of this article has stressed the new found attractiveness of power bases as a lifestyle choice. Your customers' car seats recline, tilt and heat up for a bit of added comfort. Likewise, new iterations of power bases allow for more comfortable positions for sleeping, reading, interacting with family, television watching and massage -- all in a fashion forward, technically attractive package. The more traditional market for adjustable bases is still present and



The traditional market for adjustable bases is still present and growing. People of all ages have health issues. Baby Boomers with aging parents may need to purchase an adjustable base with more functionality.

growing.

"A huge percentage of our population are baby boomers who are starting to enter in to that age group where some of them need a little more than just a regular bed," instructs Flex-A-Bed's Ben Groce. "They are buying for health concerns. There's a huge customer base. It's a shame that so much of the marketing now is exclusively aimed at younger customers, because there is a bia market amona baby boomers and their parents. For people of all ages who have acid reflux, higtal hernigs, bad backs, poor leg circulation, restless leg syndrome and other chronic conditions, there are health benefits adjustable beds provide.

"Furniture retailers are losing business to home health care stores and Internet specialists. I wouldn't suggest that most furniture stores feature photos of older, disabled people in their regular advertising, but for most furniture and bedding retailers, it's not best to ignore the health benefits either.

"Of course, it's important to be careful about the message given in advertising and sales presentations.

"Sales associates shouldn't say that if a customer buys an adjustable bed, it's going to cure all of his or her problems. What we always tell them is that the product will help to alleviate some of the symptoms.

"An adjustable bed can be a transi-

"When a customer lies down on a mattress they may have questions about the kind of foam used and warranty questions, but with an adjustable bed, they really have to know what it is that they're selling." - Ben Groce, Flex-A-Bed

tional product for some customers. Groce continues. "A flat bed is not quite good enough for them or their parents, but they are not to the point yet where they need a hospital bed. That's why a lot of our retail dealers display a hi-low that looks similar to the other adjustable beds on their floors. It has the massage, raises the head and foot, but for people that have a need, showing the bed in motion helps them to understand the benefits. It may be that most customers won't have any interest, but for those that do, there's a lot of marain to be had.

"Furniture retailers who make a commitment to this segment of the market have had success networking in their communities to get referrals from local physicians, social workers, chiropractors and other health professionals. The first thing though is to educate salespeople to be able to intelligently assist customers who have health concerns."-Ben Groce, Flex-A-Bed.

Weight and delivery objections: "There are sometimes objections about weight. Customers may say, 'I bet that thing is heavy. I'm on the third floor, and my house was built in 1610,' or 'I live on the fourth floor of a row house in Philadelphia and I don't think that you can get this up there.' If the retail sales associate isn't that savvy, and doesn't realized that there are queen split power bases, and that the mattress is bendable, many sales associates will find it easier to just let the sale convert to a regular foundation and lose an opportunity to improve the customer's life." -Niles Cornelius, Hickory Springs.

Making assumptions about the features customers will like: "It is a big mistake to assume that customers are going to like every feature of a base. For example, a lot of times the sales associate will turn on the massage motor and the customer will say. 'Wow, I don't know whether I like that.' And instead of saying, 'Oh, let's turn it off now, but maybe you might like it for those really stressful days," Some sales people will respond, 'you'll love it after you lay there for a while.' But that's just sales 101; the importance of listening to your customers." - Johnny Griggs, Ergomotion.

**Fear of adding to the sale:** "Many salespeople, after they sell a mattress, are afraid of trying to boost the sale another couple of grand. That's one of the biggest mistakes of all." -Niles Cornelius, Hickory Springs.

# MANAGEMENT & EDUCATION

There was also consensus among our experts that management oversight, proper reporting and continuous sales education can overcome low attachment rates.

Flex-A-Bed's Ben Groce, says that, "The main thing is that store management has to make a commitment. If you want to sell adjustables, you must learn a lot about them. The best dealers are the ones whose salespeople are the most knowledgeable about the product. But there are still times when I am in retail stores and see customers asking questions that salespeople just can't answer. They don't know the specific features or benefits, and that creates doubt in customers'

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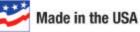


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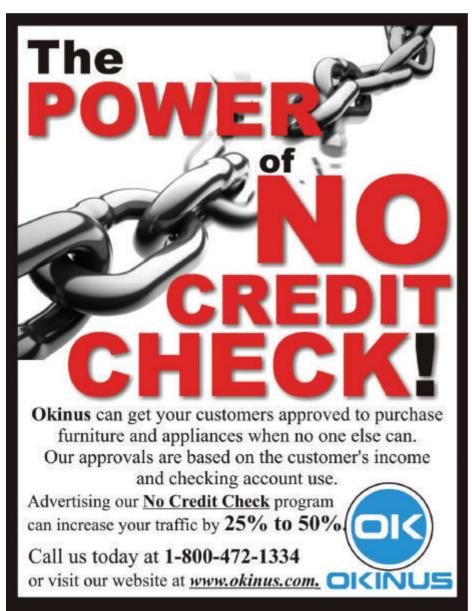


# THE POWER IS YOURS

minds about the product. I can just see customers thinking, 'If the salesperson doesn't know enough about this product to sell it, it must not be worth buying.' People can tell when salespeople are genuine and excited about a product.

"When a customer lies down on a mattress, they may have simple questions about the kind of foam used and warranty questions, but with an adjustable bed, sales associates really need to know what it is that they're selling. There's a lot that goes into an adjustable bed. You not only have the mattress, but there are motors, electronics, moving parts and hand controls. Most customers at the point of sale just want their sleep system to feel and look good, but others will be concerned about warranty and service, so salespeople also need to know about service policies and manufacturers' warranties so they can take some of the worry out of customers' minds."

Hickory Springs' Niles Cornelius



elaborates, by observing that, "Salespeople have to make customers believe that their lives are going to improve if they buy a base. The key to making this happen is good sales training."

Cornelius explains that when he gives presentations to groups of salespeople, he removes the mattress, turns the base upside down to show auality construction and ease of maintenance. He then speaks about service and what customers should be instructed to do if they have any difficulties. "Sometimes," he says, "I see some of them dozing, and usually it's the top salesperson. But if there are a dozen people attending the session, there will be one or more that will immediately become passionate about my product. When that happens, it's like osmosis, and the passion will eventually transfer to everybody. Enthusiasm breeds enthusiasm. So I quickly figure who is going to be the passionate player, then I'll focus on that person to help train the rest of the retail sales force.

"We see good results from stores that do consistent training and have monthly evaluations based on attachments. Those retailers that hold salespeople accountable for bringing up attachment rates, and help them to go from, for example, a minimum of 10 per cent, pushing them toward 20 or 30 per cent, do best. Emphasizing this over a period of time, salespeople start remembering to offer power bases to every customer, every time."

Leggett & Platt's Jay Thompson agrees that management involvement is key. "Ensuring that sales Associates do a good job is more than putting a picture in the newspaper, posting images to a website, and flooring a few different models," he tells us. "The retailers who do really well are the ones that incentivize their people to sell the products. They allow their vendors to come in and train their retail

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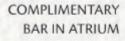


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"Ensuring that sales Associates do a good job is more than putting a picture in the newspaper, posting images to a website, and flooring a few different models." - Jay Thompson, Leggett & Platt

sales associates, and they focus on the category in their sales meetings in a focused way, not as an amorphous bedding category. They watch attachment rates, see who the star performers are, and they allow those people to be spotlighted. There are certain salespeople who can achieve 30 or 40 per cent attachments, while another salesperson at the exact same store may only get 10 per cent. The people who get really good at it do so because management drives them to be good at it. They encourage salespeople with the best attachment rates to share their best practices and approaches."

Martin Rawls-Meehan at Reverie feels that reports are essential. "Reports are important," he says, "because in any retail organization there are a variety of different performance levels with respect to attach rates for adjustable beds. Some stores can be at 50 per cent while others will be at single digits. What good reporting does is provide detail on what practices are working to produce good results. They give managers a reason to go out and talk to those people who are doing things well, and those who are having trouble, to figure out how to resolve performance issues to bring everybody up to those

high numbers.

"We've seen varying results from the use of incentives. And I think that part of the reason we are seeing this is that one of the biggest issues in our industry is still training. It's no secret that teaching people to present our products properly and to do it every time, is really the biggest challenge. That's the low hanging fruit in the industry today. I think that as training gets better and as confidence builds, incentives will begin to play a bigger role."

Still on the topic of education, Johnny Griggs at Ergomotion says that it is important to remind sales associates that presenting a lifestyle base isn't a lot of extra work. "Retail sales associates who work on commission," he explains, "all know that they only have so many ups in a day and need to maximize each one of those ups. So, management should continue to stress to their sales teams that they're not really doing anything more. If they are already talking to Mr. and Mrs. Smith, then all they need to do is show them one more thing that they can own to enhance their sleep system. If they are already showing pillows and making sure to tell them that a mattress protector is a must, then the lifestyle base is just something else that should also be introduced."

#### **DELIVERY & SERVICE**

There's one last aspect of training that retailers neglect at their peril, Hickory Springs' Niles Cornelius tells Furniture World. It's making sure that delivery people know how to deliver and set up adjustable bases properly, plus answer customer questions about how to operate them.

Reverie's Martin Rawls-Meehan agrees. "Make sure that your warehouse and delivery guys are very well trained on how to install product," he advises retailers. "The lion's share of calls we get to our call-center are from consumers who haven't had their bed set up properly. And one way to lose a customer is when a beautiful, expensive, sleep system, complete with an adjustable foundation and mattress isn't installed properly and it doesn't work right, or they're just not happy with the installation crew. You don't want to work really hard in the store, only to have the delivery, which should be the easiest and most routine part of the entire process, ruin the sale for you. Adjustables are heavy and have working parts so you need to make sure that your people know how to handle them, set them up properly and make sure that customers are happy and everything is working before they leave."

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#### Part 2: And the winner is...

by Larry Mullins

he young saleslady smiled confidently. "Are you interested in a memory foam mattress?" she asked. I explained that I wasn't going to buy anything, that I was researching an article for Furniture World. She was a bit disappointed, but with no other prospective customers in sight, she seemed willing to continue to visit with me.

I was in a medium size northern Minnesota city, and the 80,000 sq. ft. store was one of the most beautiful I have ever seen. The saleslady explained to me that Tempur-Pedic customers had always come to the store pre-sold on the product. She said people already understand the many benefits that brand advertises. They expect unique pressure-relieving comfort, and an ability to conform to each person's body. They know about the durability and quality of the product, and motion isolation properties. So, even though it is an expensive sleep system, selling a Tempur-Pedic product, for her, is a relative breeze.

Then recently, Serta iComfort came along with a new story. On their website they used a soft-sell but very effective strategy. iComfort experts told customers that traditional memory foam technology hasn't changed much since it was invented more than four decades ago. And while it has been the perfect bed for many people,



Mattress One, the largest mattress retailer in Florida, now features equal space in their weekly flyers for Tempur-Pedic and iComfort. These two brands usually are collectively granted half the advertising space in Mattress One flyers and ROP ads. The marketing people for Mattress One have elected to present five models of each brand. They are priced in an unusual way, by the cost per day for owning a Tempur-Pedic or an iComfort sleep system. others had issues with it. Some felt sleeping on a memory foam mattress was too hot. Others felt they sink in too deeply and this made it hard to adjust sleep positions. Then iComfort asked the killer question: Isn't it about time that someone reinvented memory foam? This sounded more and more like a good idea, especially since Serta's iComfort was priced at about half the price of Tempur-Pedic.

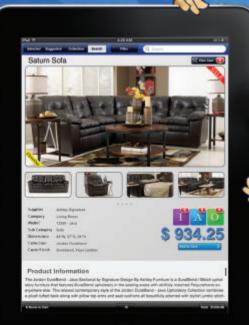
iComfort branded itself as "the world's first memory foam infused with the support and cooling touch of Micro Support gel." The brand declared that it was a revolutionary new memory foam Sleep System featuring Cool Action Gel Memory Foam promising to deliver superior pressure relief and more targeted support while sleeping cooler, plus, antimicrobial and dust mite resistance. iComfort offered a longer warranty and a longer in home free trial. So, at a lower price, what was not to like?

#### THE MISSING LINK IN MATTRESS SALES

The missing link in retail mattress sales is the disconnect between the competence and marketing expertise of the mattress manufacturers and the weakness of the retailers.

Let's examine the Tempur-Pedic strategy. How did Temper-Pedic achieve the ability to pre-sell customers on their products to an unprecedented degree? After a decade of relative obscurity, the company became an overnight success when they applied the principles of evidence-based advertising. First,

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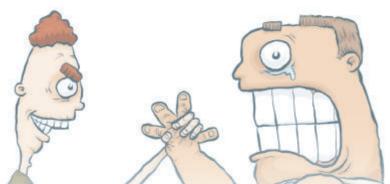
UPDATE

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they developed a compelling story a U.S.P. [Unique Selling and Proposition] for their website and print media. "In the early 1970s, NASA developed a pressure-absorbing material to help cushion and support astronauts during lift-off. The material was temperature-sensitive and it evenly distributed body weight. NASA released this material to the public in the 1980s. Another set of scientists ... continued development on NASA's creation. After nearly a decade and millions of research dollars, these "Swedish scientists" perfected TEM-PUR material for use in mattresses."

This "Tempur material" is their key product feature. But so far it is a "sowhat?" story. The marketing brains at Tempur-Pedic then did something that other home furnishings manufacturers and retailers continue to fail to do. They took the next step and elevated their story into something compelling for potential customers. They explained the benefits that their product provides and answered the prospect's ever-prevailing question: "So what? What's in it for me?"

Every savvy salesperson knows that you should never describe a product feature without explaining the benefits it provides. Yet look-alike retail furniture ads generally use price-item features, label headlines, and are almost bereft of benefits. Moreover, even the Big Boxes fail to establish and localize their brand. Tempur-Pedic experts know this, so they compensate for poor retail advertising by pre-selling prospects with their own benefit-rich presentations. Rather than provide CO-OP, Tempur-Pedic sells their unique brand directly to the customer. "If you are an independent retailer, there may be an opportunity to capture a larger market share of memory foam business. Here is one way to do it..."

The other top mattress brands do offer CO-OP dollars to retailers and offer attractive preprinted flyers. However, manufacturer flyers sell their own brand, not the retailer's identity





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Some retailers are using the iComfort advertising strategy to successfully establish themselves as the source for memory foam sleep systems. One Serta dealer in Duluth is using print media, radio and in-store signs that claim iComfort sleep systems superiority over the "40-year old technology."

## "The ever prevailing question of the consumer is always, 'What's in it for me?' This will be followed by: 'Why should I buy from you?'"

and distinct advantages. There is little dealer identification other than a logo. So, when a dealer runs a preprinted flyer from Sealy, Simmons, or Serta, he sells their products for every other dealer in his area as well as for himself. The ultimate selling proposition would do both. It would sell prospects on the manufacturer's products, and also present compelling reasons why they should buy from this particular dealer.

Tempur-Pedic promises continued product innovation in their web presentations. But Serta's iComfort politely suggests that Tempur-Pedic hasn't changed its product much in forty years. They state that Tempur-Pedic has a great product but: "Isn't it about time that someone reinvented memory foam?" The strategy seems to be working.

#### SOMETHING ODD IS GOING ON AT RETAIL

Although many retailers have brushed off the idea that a Serta product could threaten Tempur-Pedic's market dominance, smart retailers do

not. If you carry both Tempur-Pedic and iComfort it will be difficult to exploit the changing market conditions. For example, Mattress One, the largest mattress retailer in Florida, now features equal space in their weekly flyers for Tempur-Pedic and iComfort. These two brands usually are collectively granted half the advertising space in Mattress One flyers. The marketing people for Mattress One have elected to present five models of each brand. They are priced in an unusual way, by the cost per day for owning a Tempur-Pedic or an iComfort sleep system. In very small print they explain this cost per day in this way: "Daily cost of ownership is based on a 10 year Full Replacement Warranty of Mattress." For example, the starting price point for a Tempur-Pedic is 54 cents a day based upon their 10 year full replacement warranty. iComfort starting price point is listed as 35 cents a day based on the same 10-year disclaimer.

But hold on! iComfort actually has a fifteen year full replacement warranty. Based on this, the iComfort price



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## "Load your messages with benefits. Remember the simple, basic principles toward overcoming the 'So what?' reaction to your advertising messages."

point would be 29 cents a day, not 35, making it almost half the price of Tempur-Pedic. Perhaps this was simply an oversight by Mattress One, but it went on for months. Then Tempur-Pedic introduced new lower priced models, and the Mattress One changed their ads. They decided to base their per-night cost for both brands on Tempur-Pedic's "20 year warranty life of the mattress" [this is a limited prorated warranty] instead of Tempur-Pedic's ten year full replacement warranty. Their new presentation does mitigate to some degree the price differential, and perhaps mollifies the price-comparison concerns of Tempur-Pedic.

But hold on again! iComfort has a twenty-five year life of the mattress limited warranty. Using a twenty-year warranty obviously skews the price comparisons in favor of Tempur-Pedic. Why Mattress One does this is anyone's guess.

In another retail development, the Wall Street Journal recently reported that an 800 store chain, Mattress Firm, reports that as much as 40% of



their sales now come from memoryfoam and other non-innerspring mattresses. I know that for some retailers, their memory foam sales actually surpass their innerspring sales.

#### AND THE WINNER IS?

The jury is still out, but it has been said that the only thing that simultaneously creates destruction and growth is change. And change is inevitable. If you are a manufacturer or a retailer, how can you benefit from these changing mattress retailing trends? By embracing them.

If you are a manufacturer, you could become the winner if you are willing to step out of your comfort zone and consider the situation of the mattress retailers. They need help. Few of them know how to create a unique identity and stand out among the crowd of other retailers. Your marketing experts could help them. Instead of focusing exclusively on your own product, give them some help in building their own brand. You both will do more business. I have written here that the missing link in retail mattress sales is the disconnect between the competence and marketing expertise of the mattress manufacturers and the weakness of the retailers. The first manufacturer who understands this-and helps the retailer develop a unique identity and stand out from the crowd-will be the winner.

If you are an independent retailer, there may be an opportunity here to capture a larger market share of memory foam business. Here is one way to do it. If you do not carry Tempur-Pedic, you are probably not getting your fair share of memory foam business. Consider your options. Many leading brands have

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also have their own version of an advanced memory foam product. (Including a new, lower priced Tempur-Pedic). In the exhibits of this article you will see how some retailers are using the iComfort advertising strategy to establish themselves as the source for memory foam sleep systems in their trading areas. One Serta dealer I know is using print media, TV, radio and in-store signs that feature iComfort sleep systems over the "40year old technology." A Restonic dealer is doing the same thing with TempaGel Restonic Healthrest Memory Foam sleep systems, one of the huge number of the "new, advanced," lower cost memory foam products on the market.)

It is likely that Tempur-Pedic, with its sophisticated evidence-based marketing methods will continue to dominate memory foam sleep systems for the foreseeable future. Even so, you could double or triple your own share of this market with an aggressive marketing strategy.

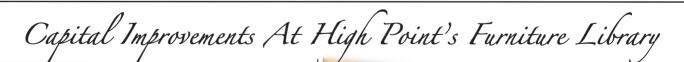
A Key factor in your success will be your ability to load your messages with benefits. Remember the simple, basic principles toward overcoming the "So what?" reaction to your advertising messages. Product features support benefits. People do not need or want a memory foam mattress. They want better sleep. When they sleep better, they will be happier and healthier. The ever prevailing question of the consumer is always, "What's in it for me?" This will be followed by: "Why should I buy from you?"

If you are an independent retailer, you can be the biggest winner in the mattress wars if you can answer these questions with clarity and confidence.

Larry Mullins is a contributing editor for Furniture World and has 30+ years of experience on the front lines

of furniture marketing. Larry's mainstream executive experience, his creative work with promotion specialists, and mastery of advertising principles have established him as an expert in furniture marketing. His affordable High-Impact programs produce results for everything from cash raising events to profitable exit strategies. His newest books, THE METAVALUES BREAK-THROUGH 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 Larry Mullins' book when I started out, I would have reached the top much sooner than I did."

Larry is founder and CEO of UltraSales, Inc. and can be reached directly at 904.794.9212 or at Larry@LarryMullins.com. See more articles by Larry at www.furninfo.com or www.ultrasales.com.





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# **YOUR STORIES**

#### Part 12: Retailer Bernie and Phyl's shares the story of its founding, challenges, hardship and strategies for success.

here are very few people in New England who are not acquainted with Bernie and Phyl's. The largest privately owned furniture retailer in the region, Bernie and Phyl's, has been described as iconic. Consider the rationale. The family-run business. based in Norton. Massachusetts, owns and operates eight stores: Braintree, Hyannis, Raynham, Saugus, Westboro and Natick, Massachusetts, Nashua, New Hampshire and Warwick, Rhode Island. Bernie and Phyl's Furniture received the prestigious Better Business Bureau Local Torch Award for Excellence in 2011, 2009, 2007 and 2004, given to companies that embody the highest ethical standards. In 2002, the company was named "Retailer of the Year" by the National Home Furnishings Association, the highest honour in the retail home furnishings industry. And the company ranks among the Top 100 furniture

#### by Janet Holt-Johnstone

stores in the country! Iconic, indeed.

Bernie and Phyl Rubin have come a long way. And the road was not always smooth. Their story could truly be described as a realization of the American Dream.

The vision began to take shape when Bernie was very young. His father was a milkman and Bernie used to help him make deliveries to customers around Boston. Bernie carried the milk to the top floor of Boston's three-decker tenements so his dad wouldn't have to walk up all those stairs. It taught him the value of hard work at an early age.

A few years later, Bernie's father started driving a truck for a local furniture company; that's how Bernie got his first job in a furniture store. He was 13 years old and every day after school he would go to the store, wash floors, polish furniture and run errands. Bernie loved it. And he dreamed that one day he would open a furniture store of his own.

At 18, then a senior at High School, Bernie met and soon fell in love with beautiful 16 year old Phyllis Seaal. attended Northeastern Bernie University as a commuter student, so he was able to see Phyl every day. They married when he was 20 and she 18, and the relationship appears to have worked well. That was more than 50 years ago, and the couple has three children and 10 grandchildren.

After university, Bernie went back to work with his father, helping him run his furniture trucking business. It was when Bernie and Phyl were in their forties that they made the decision to pursue Bernie's life-long dream. They took their small savings, borrowed a bit more from relatives and opened a very small sleep sofa store at Quincy, Massachusetts. It was 1983, almost 30 years ago.

Pictured along with the Natick store are Rubin family members: Larry, Phyl, Bernie, Michelle (Pepe), and Rob.



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At their annual toy donation event, pictured from left to right are: the Bruins Bear, two cheerleaders from the New England Patriot's flank Michelle Pepe on either side, and behind is the Boston Celtics mascot "Lucky."

Below, Boston Red Sox pitcher Alfredo Aceves joined Bernie Rubin, co-founder of Bernie & Phyl's Furniture, to sign balls for kids from The Home for Little Wanderers as part of the twelfth annual Bernie's Baseball Buddies outing at Fenway Park. Mr. Rubin brought a group of children from The Home to watch batting practice, meet players, eat ballpark food, and see their first game.





Pictured above are Bernie and Phyl with representatives of the Boston Celtics' organization.



Our editors are looking for more furniture retail histories to feature in future issues. Call 914-235-3095 or email russ@furninfo.com. The first few years were difficult. Bernie and Phyl worked side by side in their little sleeper store, 14 hours a day, seven days a week, trying to make it a success. With three children at home and a mortgage to pay, there were many times they thought of giving up. But, of course, they didn't.

They took a huge financial risk in late 1984. They bought their company's first building, a 12,000 square foot former shoe factory in Weymouth, and left their cramped leased space at Quincy. With the move they were able to expand into a fully-fledged furniture store. During the next few years more leased stores followed. In 1993, they bought a warehouse in Brockton.

Two years later, they took another big financial leap and bought their current headquarters, warehouse and land in Norton. The Brockton facility was just not big enough for the company's future growth plans.

In 1997, Bernie and Phyl purchased a 42,000 square foot building, and 26,000 square feet of warehouse space on Route 9 at Westboro; this became their first large store. And it was a spectacular success! Then a prominent 50,000 square foot building on Route 1 in the town of Saugus went up for sale. They bought it and opened their second major store in January, 1999.

They purchased another building in August, 2001, 41,000 square feet with a 1.87 acre parcel of land on the Daniel Webster Highway in Nashua, New Hampshire. In September they opened the new Bernie and Phyl's in the existing building. Meanwhile they constructed a new three-story 86,000 square foot store in two phases, so the company never had to close for business. Nashua is now the biggest store in their chain, and one of the largest in that market.

In June 2003, they bought a 55,000 square foot store on Route 44 in Raynham, Massachusetts, and opened for business two months later. And in October 2004, yet another store, 50,000 square feet in Braintree, Massachusetts, which they opened in February 2005.

Three years later, March 2008, Bernie and Phyl found a store just waiting to be purchased at Hyannis; that store was open for business by May

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# **BERNIE & PHYLS**

2008. By October 2010, they opened their first Rhode Island store in Warwick.

Two buildings located on a high profile, high traffic stretch of Route 9 in Natick, Massachusetts, attracted their attention in October 2011, a new market area for the company. And, in February 2012, they opened a 34,000 square foot showroom in the larger of the buildings, along with their first ever "Metro Living" concept store in the adjacent 5,000 square foot building.

The Metro Living store features a whole new line of higher styled and finer quality upholstery and leather living room furniture, ranging from transitional to contemporary to urban looks, only available at Natick Metro Living.

Today, Bernie and Phyl's is one of the largest furniture retailers in New England, and one of the most successful retailers in the country, eight stores and more than 400 employees.

It was also Bernie's dream that his children would fall in love with the business just as he had, and that they would eventually become partners in the endeavor. He has always believed that working side-by-side with his father for over 30 years was the greatest gift of his life.

Bernie and Phyl's second son, Robert, joined the company in 1985 after graduation from Syracuse University. Their eldest son, Larry, joined them in 1989 after he graduat-

"They took their small savings, borrowed a bit more from relatives and opened a very small sleep sofa store at Quincy, Mass. It was 1983, almost 30 years ago."

ed from Northeastern University, his father's alma mater, and worked as an electrical engineering professional for 10 years. Daughter Michelle



worked in the company for several years, and married a fellow Bernie and Phyl employee. Michelle spent several years as a full-time mom and came back to work five years ago.

As a result of starring in their own advertising commercials, the members of the Rubin family have become television personalities over the years. Bernie and Phyl's is one of the most recognizable brands in New England, and the company's catchy jingle, "Quality, Comfort & Price, That's Nice", has become part of the popular culture.

Each family member has a very clear role within the company's structure, and really "owns" that area without oversight from other family members. Larry is President and CEO. Robert is President of Merchandising and Marketing and Michelle, Director of Community Relations. Everything they do is highly collaborative; they work together to achieve the common goal of making the company successful.

And everyone shares the same ethos: family relationships are the most valued part of life. After working together day in and day out, they still enjoy dinner together after work, going to sporting events with one another, spending holidays together, and taking vacations as a family. Working together and being a family unit is simply part of their lives, indicative of the strong bonds they have with each other.

As a corporate family, every facet of the company is infused with Bernie and Phyl's personal philosophy each learned as children, "be honest, work hard, treat people the way you would want to be treated and take care of your family". And this includes employees, vendors, customers and



Below, ribbon cutting ceremony at the Bernie & Phyl's Warwick, RI store. In the front row left to right: Michelle Pepe (Bernie and Phyl's daughter), Phyl Rubin, Bernie Rubin, and the Mayor of Warwick, Scott Avedisian. In the back row left to right: Bob Pepe (B&P employee and son-in-law), Larry Rubin (son), and Robert Rubin (son).

Pictured at above is Bernie and Phyl's first store at Quincy, Massachusetts in 1983.

Treated as "family", Bernie and

Phyl's 400-plus employees are an

"amazing team" of loyal and dedicat-

ed people who care passionately

the greater community.



members well and empowering them

to solve problems on their own,

inspires each individual to serve cus-

tomers and vendors with the highest

levels of professionalism and ethics.

"Bernie and Phyl's is one of the largest furniture retailers in New England, and one of the most successful retailers in the country, eight stores and more than 400 employees."

Phyl's ongoing success" is the founders' expectation that they will act honorably in every dealing with customers, vendors, suppliers and the community, working hard to go above and beyond what is expected.



# **RETAIL STORIES**

The number one priority is "to keep customers happy, even when things go wrong! Customers won't find high pressure sales tactics or a high stress retail environment at Bernie and Phyl's. What they will find is beautiful, quality furniture at a price they can afford every day. And a company that is always willing to go that extra mile to make their shopping experience 100 per cent positive every step of the way".

The company also values its strong relationship with vendors. "The mutual respect and trust that Bernie and Phyl's has with all of its partners is essential to the company's past and current success."

There is another dimension to Bernie and Phyl's philosophy, belief in their obligation to give back to those less fortunate. Through their "Friends in Need" programme, donations of furniture are made regularly to charitable organizations across the region. One particularly outstanding project was Pine Street Inn's Home for Veterans, Sixteen homeless veterans moved into a renovated Hartford house in Dorchester, Street Massachusetts. There they have the opportunity to rebuild or stabilize their lives within a structured and supportive home environment. Each veteran has an individual room with shared bathrooms, and a shared living room and kitchen. Case managers help them connect with community services, secure employment, further their education and independence and maintain stability.

The renovation was completed by Pine Street Inn which is a non-profit organization based in Boston, a national leader in the fight to end homelessness. Federal grant funds cover the cost of ongoing operations and support services, but the group reaches out to the community at large. Bernie and Phyl's contribution was 16 Sealy beds, dressers, nightstands and headboards, and furniture for the common living room.

But one of Bernie and Phyl's most heartfelt and continuous efforts is their alianment with the National Multiple Sclerosis Society and their local chapter. The Rubin family serves on the board, is a major monetary sponsor for the many events they promote throughout the year, and conduct extensive fundraising promotions, the largest an annual event in the month of May. They have helped raise over \$500,000 in the past two years to support the MS Society's groundbreaking work and will continue these efforts. It is a personal crusade. Phyllis Rubin has suffered from MS for nearly 40 years, so the disease has touched the whole family.

A couple of years ago, Phyl starred in a series of MS public service announcements for national MS



Pictured from left to right above is: Robert Rubin, Paula Flemming from the Better Business Bureau, Larry Rubin, and Bernie Rubin accepting a Torch Award.

One of Bernie and Phyl's most heartfelt and continuous efforts is their alignment with the National Multiple Sclerosis Society and their local chapter. At right an MS event. Awareness Week. She made the decision to go public with her own story in the hope that others would be helped and to increase awareness of MS. Of course, the target of finding a cure for the disease is critical. Multiple sclerosis affects more than 2.1 million people worldwide, including over 400,000 Americans and 16,000 in New England.

Phyl received the national MS Hope Award from the Society's New England Chapter, honored for the

Bernie & Phyl's Furniture was recognized recently as a Local Torch Award for Excellence finalist by the Better Business Bureau (BBB) of Central New England. Photo below shows three generations of the Rubin family accepting the award. Bernie Rubin (far right) is joined by his grandson, Alex Rubin (far left), and son, Rob Rubin, in accepting the award from Nancy Cahalen, BBB President and CEO.



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Married when he was 20 and she 18, Bernie and Phyl's relationship appears to have worked well. At right Phyl Rubin and daughter Michelle Pepe at a blood drive.





"inspirational life she has led as an entrepreneur, businesswoman, community benefactor, wife, mother and grandmother, despite living with MS for so many years". She had her first attack in 1971, but was not diagnosed until two years later when she lost permanent sight in her left eye. In those days, MS was a very difficult diagnosis to make, and there were no treatments for the disease.

Said Phyllis, "There are times when it's been frustrating, like when I couldn't do even the simplest task like brushing my own hair. But I've always had the philosophy that you make the "The number one priority is to keep customers happy, even when things go wrong!"



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# **BERNIE & PHYL'S**

best of what you have. Getting MS was something I couldn't control, so I decided early on I wouldn't let it stop me from living a full life."

MS is an unpredictable and often disabling disease of the central nervous system that interrupts the flow of information within the brain, and between the brain and the body. The progress, severity and specific symptoms of MS in any one person cannot yet be predicted, but with advances in research and treatment it may be possible in the future to eradicate the disease.

"While I've had many tough years with MS, I have been fortunate that some of the new medications developed in the past decade to treat MS have helped me control my symptoms," said Phyl. "But more needs to be done. I hope that by sharing my story, others will be motivated to donate to the National MS Society at http://main.nationalmssociety.org/goto/PhylFund, and join me, Bernie and my family in our quest to create a world free of MS."

This spring, Bernie and Phyl again sponsored the well-organized and very popular Annual Walk for MS.

And there are other community initiatives. For example, holding annual Red Cross blood drives in the company's stores, sponsoring annual toy and food drives, hosting car seat safety-checks, sponsoring youth sports teams locally. And organizing Bernie's Baseball Buddies program. He takes underprivileged kids to see a Red Sox game and tour Fenway Park. And there are many public service television sponsorships with media partners.

Another notable event was the aiveaway of a thousand free tickets to a Boston performance of comedian Jay Leno, his stand-up show at the Emerson Cutler Majestic Theater. Anyone who took a Sealy Posturpedic sleep test at Bernie and Phyl's received two free tickets to the show. Larry Rubin said, "We have the best customers in the world and we wanted to give something back to them that was extra special. Jay Leno is an icon here in Massachusetts where he arew up and it's really an honor to participate in filling the house for this special live performance."

Back in time for the 2010 Olympics, Bernie and Phyl's sponsored an Olympic Contest with one lucky Gold Medal winner receiving a \$5,000 shopping spree at any of its stores. The Silver Medalist won a 55 inch LCD HDTV and the Bronze



Members of the Rubin family at Nashua ground breaking.

Medal winners, three of them, won a "Family of Four Ski and Stay", a Loon Mountain weekend getaway. Again the Sealy Posturpedic sleep test provided the magic. "Anyone age 21 or older was automatically entered to win, no purchase necessary. This popular contest was mounted in conjunction with Channel 7/WHDH-TV, which broadcast the 2010 Winter Olympic Games".

"Be honest, work hard, treat people the way you would want to be treated and take care of your family. And this includes employees, vendors, customers and the greater community."

As recognition for New England's veterans, a military discount is offered to all active duty, reserve, and retired and disabled service members. The company provides discounts from 10 to 20 per cent, depending on purchase price, and zero financing for two years.

As you might expect, Bernie and Phyl's has attracted much recognition over the years. As well as the prestigious Better Business Bureau Torch Award, four times, they were grateful to receive, in 2008, the Massachusetts Family Business Award in the large company category.

In 2005, for their good work in fostering mentoring of children, they won the Champions of Mentoring Award from the Mass Mentoring Partnership. It is the only state-wide organization solely dedicated to strategically expanding quality youth mentoring in Massachusetts, and the umbrella organization for more than 190 mentoring organizations supporting 23,000 youth. Services include training and technical assistance, networking and professional development, mentor recruitment campaigns, advocacy, resource development and recognition and mentor-mentee match activities.

Back in 2003, the company was honored with the Executive Technology Retail Community Service Award, which recognizes businesses that are building a better world for people through their community service efforts.

In 2002, as well as receiving the National Home Furnishings Association's Retailer of the Year Award, they were also chosen as the recipient of the Home Furnishings Association of New England's notable Robert E. Richmond Award of Eminence, given to companies that exemplify strong ethics and professionalism. And two years earlier, a Millennium Award, the company was named 2000 Retailer of the Year by the Retailers Association of Massachusetts.

Bernie and Phyl Rubin's dream is a shining reality.

Note about the National Multiple Sclerosis Society: MS can stop people from moving forward with their lives. The National MS Society exists to make sure it doesn't. The organization helps each person address the challenges of living with MS. Through the home office and the 50-state network of chapters, the Society has devoted more than \$126 million to programs that enhanced more than one million lives. To move us closer to a world free of MS, the Society also invested over \$45 million to support 440 research projects around the world. You can join this worthwhile movement at www.nationalMSsociety.org. It's a fascinating website.

-Janet Holt-Johnstone

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# **EXPLOYEE THEFT** It's a far greater problem in our industry than you may think.

he news media recently reported that management at furniture retailer The Dump in Pennsylvania learned of an employee theft last October when a customer tried to return furniture supposedly purchased from the store. An investigation disclosed collusion between two warehouse employees and a college student working as a security guard. All were arrested and are awaiting trial. Video security was of significant value in the investigation of the \$26,000 theft in ten identified instances. Could these situations happen at your facility? Yes, they probably can.

Preventing theft takes an ongoing commitment from management. Theft by furniture retailer employees is a far greater problem than thefts by outsiders. The University of Florida's 2011 National Retail Security Survey reported that in 2010 total inventory shrinkage approached 35.3 billion dollars. Employee theft was 15.9 billion dollars, while shoplifting was

#### by Dan Bolger

10.9 billion dollars. Administrative errors totaled 5 billion and vendor fraud was 2 billion. Minimizing the risk isn't rocket science, but requires attention to the basics of warehouse management and controls. Safeguards can help your business avoid these losses.

All too often, our routine management reviews disclose problems. Theft of goods is on the rise in furniture retail establishments nationwide. Due to the size of furniture pieces, theft usually involves employee collusion. Most of your products are easily sold by thieves or are stolen by employees to meet specific requests from their friends or associates, or even to furnish their own houses! Since you cannot operate your warehouse like a bank vault, what steps can you take to protect your investment?

Your first line of defense is to make sure that one individual doesn't control receiving, inventory, disbursements and adjustments. Be especially aware of the trusted employee who works long hours and never takes a vacation. You probably trust your bookkeeper, but just to play it safe, as a good business practice, bank statements should be sent to the owner's home for personal review for nonexistent service contracts, vendors and credits. Checks and balances are necessary for routine control.

Mass thefts by organized crime rings where thieves hijack a furniture truck or break into a warehouse are rare. Pilferage or disappearance is more common. Pilferage may involve collusion between truck drivers and warehouse people who receive less than the full quantity of material off an inbound shipment or load "extra" products on the truck when delivering. They may also load the orders obtained through their fellow thieves employed as sales people.

There are multiple ways to defend against theft and pilferage. One is a combination of physical deterrents and systems that make it difficult to break security. Another defense is to

"There are multiple ways to defend against theft and pilferage. One is a combination of physical deterrents and systems that make it difficult to break security."



attempt to confirm the honesty of your employees.

#### **ELECTRONIC SECURITY**

Electronic warehouse security systems to protect your building when it is unoccupied can be supplied by a wide range of devices. These include window and door monitors, movement sensors, and sonic alarms. Digital video and capability for remote viewing have largely replaced closed loop video systems. Possibly even more important is external security. Adequate lighting of exterior walls ensures that thieves don't have the cover of darkness in your parking lots and dock areas. You may also consider a gate to prevent access to the rear of the building. Whenever possible, employee parking should not be against the building.

The ability to remotely access your digital video security system via an Internet connection to your computer at any hour of the day and night is an excellent tool available at significantly lower costs.

#### **EMPLOYEE HIRING**

Management's lack of concern for security is a major factor in thefts by warehouse and delivery people. The NRSS report shows part time employees steal much more than permanent employees. A primary cause of theft is poor attention to the value of preemployment screening. Personal interviews, drug screening, reference checks and criminal background reviews all have merit. The minimum is a series of phone calls to verify employment dates and to ask whether previous employers would rehire your applicant. Expect some companies to only disclose the dates of employment and the job title in today's "sue everybody" environment. You therefore, may want to use honesty tests that disclose attitudes of people who are likely to steal. These tests typically take less than an hour, can be scored quickly and are low cost. You must comply with all regulatory requirements for hiring.

#### MANAGEMENT VIGILANCE

Management can also reduce the



#### YouTube Video (left) of Parking Lot theft of furniture from retailer truck that isn't locked. http://www.youtube.com/watch?v=3N2dT9BeDyM

Below, news item from www.pressofatlanticcity.com detailing how furniture store employees pocketed money from merchandise sold to unsuspecting customers, issuing phony receipts for cash-on-delivery payments.

(1)第一章



risks of employee theft by driving around the back of the building when coming and going, checking the dumpster and walking through the warehouse at random times. Insist that your managers do the same. It

takes so little time but shows employees that you are alert. Cycle counting and periodic inventories are essential.

Multiple warehouses present an easy opportunity for easy thefts when they are not manned full-time and

#### DOs & DON'Ts Of Employee Theft Prevention

Always...

- Be completely honest with your employees and customers. Management must set a good example.
- Make sure that all employees are aware of the rules of the business.
- Always check employees' reported hours before you sign their timesheet. Make sure that the employees have worked the hours they are reporting.
- Check out any suspicious feeling that you have toward an employee. Make sure that your suspicion is reasonable.
- Make sure that the employee parking lot is not close to the building. You don't want it to be convenient for them to move things out of the business.
- Monitor cash transactions as often as possible.

#### Never...

- Be too busy to monitor employees regularly.
- Allow employees to handle their own transactions (when they purchase things for themselves).
- Wrongly accuse an employee of theft. Make sure that accusations are investigated before you have a serious meeting with an employee.
- Allow a lot of time pass before you look into suspicious activity. The longer you wait, the more money you will probably lose.

Article from www.wbtv.com, Charlotte, NC detailed an investigation into 235 pieces of furniture alleged to have been stolen by a furniture store employee.

Website www.phyllyburbs.com reported on how furniture warehouse employees approached customers, offering them half price deals. Perpetrators were caught when a customer tried to return an item.

when many employees have keys.

#### RECEIVING

Some thefts occur through a joint effort of warehouse receiving staff with vendors, trucking or shipping personnel. Receiving counting requires absolute accuracy. Many retailers receive from a copy of the purchase order and mark off the count received and also count off from the carrier's packing list. The receiving tally is the start of the audit trail. This document must contain the required information plus any exceptions such as overages, shortages and damage discrepancies. These must be noted and fully documented. Always count twice before signing once!

Bottom line, you must know you have the material ordered, the quan-

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# **EMPLOYEE THEFT**

tity ordered, items received within an acceptable time frame, acceptable guality and an accurate record of the transaction. Today's bar coded warehouse management systems have numerous features that provide control... but they are only effective when they are used consistently. Any remaining bar code labels must be turned in with the paperwork. It may become necessary to use undercover contract employees to detect serious thefts by your employees. Undercover employees can help to inform you about on-the-job drug sales and other illegal enterprises.

#### DELIVERY

When goods are staged for delivery, everything should have corresponding tags matching the truck manifest to assure that only the correct merchandise is loaded. Some retailers use fenced cages to isolate the stock going on a particular truck.

Delivery trucks may be followed to assure they stay on route, are secured at customers' homes and on time. Real time vehicle tracking costs are far lower than previous years.

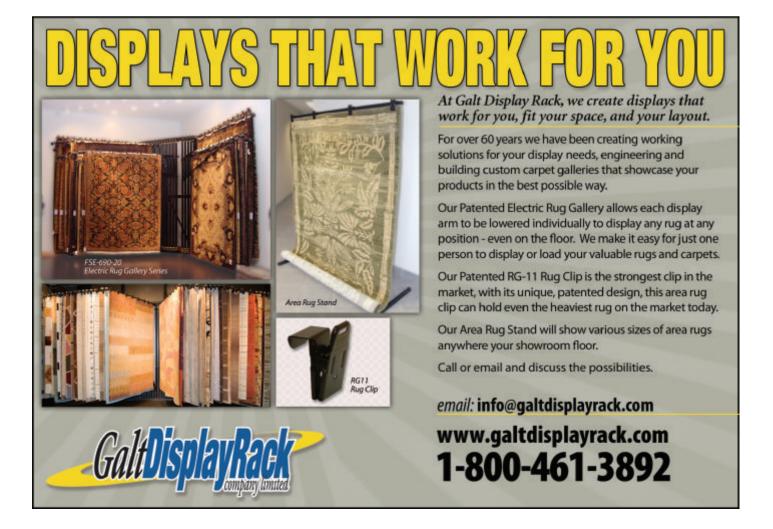
A favorite tactic with identity theft perpetrators is to make major purchases with credit cards as customer pickups. You should record the license number of every vehicle making a customer pickup and note the vehicle make. The NRSS data shows this issue represents a growing avenue for criminals.

#### **RETURNED GOODS**

Review how you handle returned goods. Many furniture retailers' procedures are inadequate.

For example: An entertainment cen-

"The ability to remotely access your digital video security system via an Internet connection to your computer at any hour of the day and night is an excellent tool"



# **EMPLOYEE THEFT**

ter is picked up from the customer and never makes it back into inventory. There are several possibilities.

It makes it back to the store and

"You should record the license number of every vehicle making a customer pickup and note the vehicle make."

even though it is fully satisfactory, it is written off as scrap or consigned to donations.

• It may have been entered into inventory but was actually dropped off somewhere else on the way back. If you have the same person picking up the unit and entering it back into inventory, your risk increases dramatically. The lost unit will only show up when you are out of stock or take inventory. Then it will probably simply be written off as a discrepancy.

To prevent this from happening, all returns should go to a designated area, be reconciled daily and be reviewed by a second person.

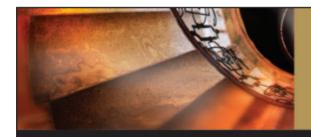
Bottom-line, maintain adequate controls and take time to walk the warehouse and check the facility outside regular hours. Most of all, hire the most honest people you can find, yet maintain a healthy skepticism that they will always be honest.

Contributing editor Dan Bolger of The Bolger Group helps companies achieve improved transportation, warehousing and logistics. See many other articles by Dan in the article archives on the furninfo.com website. You can send inquiries on any aspect of transportation, warehousing or logistics issues to Dan Bolger care of Magazine Furniture World at dbolger@furninfo.com or call him direct at 740-503-8875.

#### **Resources:**

Rutgers University: http://crimeprevention.rutgers.edu/crime/e mp theft/emp theft.htm

University of Florida: http://soccrim.clas.ufl.edu/criminology/srp/ finalreport 2010.pdf



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# **ARTICLE MARKETING**

Part 1: It's time to invent a new business future through writing articles—your love letters to potential clients!

ou may not consider yourself a writer, but by the end of this message I hope you reconsider. Your willingness to write what you know can make a huge difference in your bottom line. Remember how writing a love letter to someone who was crazy about you changed your future? Well it's time to invent a new business future through writing articles—your love letters to potential clients!

#### WHAT IN THE WORLD IS ARTICLE MARKETING?

Article marketing is the practice of writing keyword-focused articles that you then submit to online article directories to gain leads and build your list (A second type of article marketing is using articles to connect meaningfully with prospects who visit your business, your networking events, or your website).

Submitting to article directories is the cat's meow and the way to catapult your online visibility and even your local status. People love to read articles online, and often consider authors to be leading experts!

#### WHY DO I CARE ABOUT ARTICLE MARKETING?

Why shouldn't you? It's a totally free awareness-building tool that draws ideal clients right to your virtual or actual door. Although you won't get paid directly for writing and submitting articles, taking the time for this powerful marketing strategy can pay off big! There are few easier or cheapby Margo DeGange

er ways to gain higher rankings in search engines, valuable back links, and targeted visitors interested in your website!

A few more juicy reasons to write and submit articles:

• You attract better clients who



"It's a totally free awareness-building tool that draws ideal clients right to your virtual or actual door." actively look for the information you publish.

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"Larry's time tested plan is detailed & laid out so there is no question what the next step is or when it will take place. He got to know us and our business and I am convinced that there is no one in the industry that could tell our story to our customers the way he has. Thanks, Larry for all you've done for us and for our business—it's been a great ride!"

> Dave & Alisha Riemenschneider Kingsley Home Furnishings Kingsley, IA

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# **ARTICLE MARKETING**

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If you own a furniture store and you write an article

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about how various colors in the interior environment can positively affect our lifestyles, then a designer, color expert, or huge paint company could repost the content (citing you as the reference) or a link to your article on their website or blog, resulting in even more exposure for you, especially if their site drives a lot of traffic.

#### GOOGLE PANDA UPDATE AND ARTICLE MARKETING

Recently, Google made some changes relating to how they index websites and how different sites fare in terms of rank. These changes are known as the Google Panda update. In 2011 several updates were released, and no doubt several more updates will be released throughout 2012. The updates change the game of SEO, and have shaken up the online landscape and "freaked out" a lot of people.

As a result of the Google Panda updates, many blogs and websites, as well as article marketing directories, have lost rankings (some temporarily) because the rules are different now. Unfortunately, some individuals reacted to this news with doomsday messages about the future of article marketing. Most of these screamers simply didn't understand why the Google changes were made in the first place, and why it makes sense that some article directories have dropped in the rankings (and why some have and will continue to pick back up). Many also don't understand that this is a necessary part of the needed change that will actually make article marketing

One of many articles posted to hub pages.com by Leon Tuberman of Los Angeles based Barn Furniture. See http://leontuberman.hubpages.com for a list of his articles on this online article directory. even better in the future, as reputable directories respond favorably and professionally and line up with the new unwritten SEO rules.

#### WHY CHANGE WAS NEEDED

In the past, the use of keywords on pages, posts, in articles, and in webpage titles and descriptions was a surefire way to help your search engine rankings. So was the use of links back to your site. Soon, people found a way to abuse the use of keywords and links on millions of websites and blogs, and article marketing directories were not immune to this abuse. It wasn't long before business owners, bloggers, and get-rich-quick schemers were guilty of key-word stuffing, back-link abuse, illegal content sharing and content stealing, and all kinds of other tactics to drive traffic to specific websites. This made the experience of many online visitors less than ideal.

For years, Internet visitors who searched online for reliable, expert information were being led to bogus or unprofessional websites and blogs, with horrible content, or "spammy" sites filled with one-sided, super "sales-y" offers. How frustrating! Webmasters and site owners got away with this because they skillfully used SEO strategies that worked to drive traffic and get high SEO rankings, and much of this had to do with the use of keywords and links.

#### DIRECTORY ABUSERS

Before the Google Panda update, a lot of article "authors" who were not legitimate experts in their fields and who really did not care about our online experience used and abused article marketing directories to get traffic to their websites. Their main goal was to get their linked-filled, low"If you own a furniture store and you write an article about how various colors in the interior environment can positively

> affect our lifestyles, then a designer, color expert, or huge paint company could repost the content or a link to your article on their website or blog."

quality, overly keyword-heavy, garbage content out all over the Internet, flooding hundreds, even thousands of article directories and websites with the very same (identical) annoying articles, to bring people back to their sites. Today, this kind of activity is a red flag for Google and other search engines, and site owners who ignore the importance of the user's experience will drop in the rankings. No longer does getting higher rankings in the search engines depend on unnatural keyword stuffing and crap content with irrelevant links. Today, it's all about what the user wants-original, usable, relevant, informational, high-quality, exceptional content and a great online experience!

#### THE USER'S EXPERIENCE

Now and in the future, Google and other search engine rankings will depend on the quality and richness of the user's experience. Webmasters that get this and make that experience great will gain rankings. Sites based simply on keywords (and ESPECIALLY on keyword stuffing) will drop. Now, Google wants to know if the user is enjoying where they go and what they get online. Going forward, Google will look at how great and unique a site's content is, on which website that content FIRST showed up (the first gets extra kudos), how long a visitor stays on a site before jumping ship, and which sites (hopefully reputable ones) link to other sites (perhaps yours)!

#### WHAT'S THE VERDICT ON ARTICLE MARKETING?

The bottom line is that article marketing is here to stay! Yahoo! Yes, it did take a temporary hit with the search engine changes, but again it is all part of a bigger picture of a better online user experience, and better companies to serve these visitors. As individuals and businesses begin to make the necessary adjustments to their websites and content and work to make the user experience as great as it can be, search rankings will reflect that.

Now that you understand what Google and other search engines are aiming for, you don't have to listen to uninformed people who try to scare others into believing that article marketing is now dead or no longer a good practice for getting traffic. This is simply not true. However, there are some important article marketing guidelines you should follow going forward.

Well, that's all for now! In the second installment (of three) of this discussion, I'll share some great tips as well as article marketing guidelines to align with the new Google Panda Update!

The next two installments will cover how to re-purpose your content through social media, other businesssavvy ways to use your articles, how to write great articles, how to submit them to article directories, when and where to post your original content, popular article directory sites, how many articles to write and how often, article size, using quotes, your author's bio, your article resource box, your article summary, evergreen content, using keywords, tips for overcoming your writing aversion, and other great article writing tips, so stayed tuned!

Margo DeGange, M.Ed. is a Business Empowerment Coach, and frequent contributor to Furniture World Magazine on retail sales, interior design and marketing topics. She is the creator of the Twelve Step Go Build a Biz Marketing Program (http://www.GoBuildABiz.com) for a Thriving & Profitable Business Fast! Margo is totally committed to your wild success. She'll mentor & coach you to get crystal clear on your most ideal target client, connect to them with a magnetic marketing message, establish your unique (and empowering ) value position, build trust through amazing offers and information, and close the sale almost effortlessly. Questions about this article can be directed to editor@furninfo.com or Visit www.MargoDeGange.com for products, programs and coaching to put YOU on the map!

#### ADVERTISER & DESIGN EDITORIAL INDEX & CONTACT INFORMATION

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ACA	800-882-8588	bob@4aca.com	95	Jaipur Rugs	404-351-2360 i	info@jaipurrugs.com	49-50
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#### Mark Bannon Senior Vice President



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Burt Homonoff Senior Vice President

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