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Cover: This month's cover features the luxurious Remington Collection from Omnia. Lavish diamond tufting and carved wood legs create a sophisticated look to complete a formal living space. Known for their unique designs and customizable options, Omnia's American-made furniture is a top choice for retailers. For more information see page one in this issue, or visit www.omnialeather.com.

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FURNITURE WORLD: (ISSN0738-890X) - Published every other month by Towse Publishing Co., 1333-A North Avenue, #437 New Rochelle, NY 10804. Subscription: \$19 per year; \$39.00 for 3 years, \$29 Canada, \$4/copy; Foreign \$89; (USD only). Periodical postage paid at New Rochelle, NY and additional mailing offices. US POSTMASTER: Send address changes to Furniture World, PO Box 16044, St. Louis, MO 63105. Publications Mail Agreement Number 41659018. Return undeliverable Canadian addresses to: PO Box 875, STN A, Windsor ON N9A 6P2. Copyright 2013 Towse Publishing Company, all rights reserved. Reproduction in whole or in part is strictly prohibited.

US POSTMASTER: Send address changes to: Furniture World Magazine, PO Box 16044, St. Louis, MO 63105.









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A World Of Change Coming In 2013

'm reminded that nothing in the furniture business stays constant. The Greek philosopher Heracles observed, "Everything flows and nothing abides, everything gives way and nothing stays fixed."

We've included several articles in this first issue of 2013 to help you navigate the flow to create conditions for greater success. I urge you to read our "Success Stories" interview with Crest Furniture's CEO Simon Kaplan. While many businesses set quotas, Kaplan concerns himself with the process of managing change through a single minded focus on leadership and attention to the process of continuous improvement.

Larry Mullins' new series on strategic MetaThinking, David McMahon's detailed checklist on the retail chain of operations, Ray Morefield's piece on resistance to change and articles by Gordon Hecht, Rene' Johnston-Gingrich and Dan Bolger all support Furniture World's mission to provide information you can use to deal with a changing world.

"You are like a candle," wrote Thick Nhat Hahn. "Imagine you are sending light out all around you. All your words, thoughts and actions are going in many directions. If you say something kind, your kind words go in many directions, and you yourself go with them."

Like Simon, attend to the process of change and your role in leading it. Best wishes for a successful 2013 from all of us at Furniture World.



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TIME TO DUMP THAT LOSER

Now that it's 2013 are you ready to get rid of underperforming merchandise & people?

fell in love for the first time in 1979. I was caught off-guard by striking beauty! Tall at 78 inches, and 39 inches across, weighing in at 250 pounds, I couldn't keep my eyes off of that Drexel Accolade II TV Cabinet.

A year out of college, I started in sales, working at a Drexel-Heritage Showroom in San Diego, CA. That Accolade II cabinet was State of the Art with room for 100 record albums, a few dozen cassettes, and a 19" TV. Living off my \$700 a month draw, I bought it at employee pricing and took a two year loan at \$30 a month to pay it off. It was a struggle, but well worth it.

I haven't used that cabinet in years, and it now sits in my basement. I have paid to have it moved 6 times and it currently stores clothes that I will never again wear. My ever lovin' bride, Michelle, wishes I would sell it at our annual garage sale, but I just can't let it go! I guess it's the emotional attachment me and my Drexel share.

One old TV cabinet sitting in the basement really doesn't make a difference, but in the world of Retail Furniture we have to cut our emotional ties when they cease to benefit us. In 2012 I traveled to over 200 furniture stores to talk with owners, buyers, and managers about building their business through improved Bedding Sales. The #1 reason retailers give for not adding new products is that their

by Gordon Hecht

bedding galleries are full of samples, and there isn't room for anything new.

On a trip to a medium sized Midwestern city, I encountered the same excuse. I found that the store had 54 mattresses on display in price points from under \$500 to over \$7,000. It occurred to me, that if they are showing 54 different models, one of those beds has to be in 54th Place in sales velocity! Another is in 53rd, and still one more in 52nd. We have a name for that group-LOSERS! Can you imagine a Bedding Factory Rep showing you a new product, and telling you it would be the 54th Best Seller in your store? And, any mattress that replaced #54 could be guaranteed to sell no worse than last place!

The question then is why do stores continue to devote precious showroom space and inventory dollars on merchandise that just doesn't sell? Most of the reasons are anecdotal; "People ask for it", "My sales people love it", "I need it to beat the store down the street", all great excuses, but not a measurable factor for continuing the investment.

It's a new year. A great time to clear out the weeds of dead merchandise. Start by looking at 2012 performance-Inventory turns, dollars per square foot that should be at least \$500/sf (a queen size mattress set is 35 square feet, but needs 81 square feet of display space), comfort and service returns, margin percentage or margin dollars. Use your average performance as the cut-off point. Quickly move off floor samples that are simply BELOW AVERAGE. When you move out those samples-price them to MOVE! Every day your store is packed with non-movers you are losing money and opportunities.

You may be bold enough to part with the #53 and #54 best seller on your floor, but are you bold enough to part with the #12 or #11 best seller on your sales team?

Think about a really nice Bedroom Dresser that your store sells. It probably has a cost of \$500 to \$700 or more! Imagine one of your Delivery Team members drops that dresser off your truck at a customer's home, rendering it non-repairable; a total loss.

"Just like you wouldn't invest inventory dollars in the #54 best seller, don't invest compensation dollars into another #10 best salesperson."

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"Your sales team cellar dwellers, that man or woman in 10th or 11th place, actually costs you MORE THAN \$700 a day in lost revenue and is probably disappointing 8 to 10 customers a day, more on a busy weekend! "

You would probably take some sort of corrective action, but also know that things happen, and would keep that member on the team. How about if it happens the next day, another \$700 loss. And then again on day three? Almost all store owners tell me they would have to fire the guy; it's just too much of a financial loss and too many disappointed customers.

Here's the thing -- The cellar dweller on your sales team, that man or woman in 10th or 11th place, actually costs you MORE THAN \$700 a day in lost revenue and is probably disappointing 8 to 10 customers a

"Can you imagine a Bedding Factory Rep showing you a new product, and telling you it would be the 54th Best Seller in your store?" day, more on a busy weekend! When I ask store owners why they still employ people who are performing below average, the typical response I get is "I can't find someone else", "They used to be my top person", or "They come in early, turn on the lights, and do the tagging for me".

Your low performing sales person is like that mattress set in 54th place. Anyone you hired to replace them would do no worse than last place, so you have nothing to lose. As far as performance in year's past, the bestselling bedroom set once was Mediterranean style with injection molded plastic carving and crushed velvet armoires! And those got replaced when they didn't perform. If you consider tagging and turning on the lights more important than selling, then hire a part-timer on an hourly basis.

Changing personnel is different than changing merchandise. Nonselling merchandise cannot change presentation, prospecting and closing techniques to build business, but sales people can! Just like evaluating performance of your floor samples, you can develop metrics for sales volume, average sales order, dollars per "up", and returned or cancelled orders. Use these metrics to establish your store's average so you can separate the underperforming below average sales team members. Set clear minimum performance measurements for your team with the understanding that minimums are not goals. Coach your underperformers for success, and look for positive results.

Just like you wouldn't invest inventory dollars in the #54 best seller, don't invest compensation dollars into another #10 best salesperson. But, before you help your failing sales team members into a different career, make sure that you are prepared to replace them quickly. Recruiting is an everyday task, and you can improve your chances of hiring your next #1 if you continually build your file of resumes. If you want to hire people that reflect the age, gender, and attitude of your customer, your best bet is to start by recruiting from your customer base. Utilize your print ads and e-mail lists to let your customers know that you are hiring. Chances are they may be looking to change careers, or know someone who wants to change.

One day I am going to empty out that TV Cabinet and give it to charity. It may have cost me a lot a long time ago, but it doesn't add value to our home anymore. I'll miss it for a day or two, but will enjoy the reduced clutter at home. Take time to reduce clutter, non-selling merchandise and nonselling personnel. Chances are you'll fall in love all over again!

About Gordon Hecht: Gordon Hecht is a 39 year veteran of the Home Furnishing business starting as a Delivery Helper in Las Vegas, NV. Following a successful sales, store management, and multi-store management career, he joined Ashley Furniture Industries. In his role as National Director of Sales for Ashley Sleep, Gordon helps Retailers improve Bedding Sales through training, merchandising and display.

If you know someone that wants to carry a 34 year old 250 pound TV cabinet up a flight of stairs and take it home, please contact Gordon Hecht at Ghecht@ashleyfurniture.com.

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REINVENT YOUR COMPANY Part One: The Art of Strategic MetaThinking.

hy should you reinvent your company? Of course, you don't have to. But, as Steve Chandler, author of Wealth Warrior, points out: "Companies and individuals who reinvent themselves are more prosperous than those who stay stuck where they are."

The situation today is something like the plot from the movie, "The Edge." A billionaire and two employees are lost in the Alaskan wilds. His two associates panic, and the billionaire stays calm. He asks one of them, "Do you know why most people who become lost in the wilderness die?" The employee answers, "No, why do they die?" The billionaire answers: "They die of shame. They believe that they are to blame for their predicament. They feel guilt and shame. They fail to do the one thing that could save them. They fail to think." To survive, the billionaire reinvents himself. To reinvent himself he thinks on a deeper level than he ever had before. The other two guys don't change, and they consequently perish.

Likewise, many independent furniture entrepreneurs are in trouble, not only because of the awful economy, but because they fail to think and effectively respond to the challenges they face. Or, perhaps I should say they fail to think in a fresh, bold, creative and strategic way. That's what it takes to reinvent your store, your associates, and yes, yourself. Thinking purely tactically is like a coach going by Larry Mullins

into a football game without a game plan. He may have lots of great plays, but these are tactics. The tactical entrepreneur goes aimlessly from sale to sale. Tactics are important, but



"The situation today is something like the plot from the movie, 'The Edge'. A billionaire and two employees are lost in the Alaskan wilds. His two associates panic..." without a dynamic game plan, tactics cannot be employed with maximum effectiveness. Also, unless the team players understand and buy into the game plan, there will be a minimum of effective teamwork.

YOUR MYSTERIOUS THINKING MACHINE

You were born with the most prodigious data processor known to humankind, the human brain. Unfortunately, you were not given comprehensive training nor even an operator's manual on how to use it. For this reason, very few people benefit from even a fraction of their brain's capacity. In fact, even though we rely upon our brain constantly, no one has a clue about how it works. If I were to ask you your telephone number, you would respond easily. However, if I were to ask you what looked for that number, where it found the number, and how it delivered that number to your conscious mind, you would be at a loss to answer me. Nor can science answer those questions. I cannot either, but I can tell you a great deal about how to use your brain in a creative, strategic way.

The objective of this article is to offer you the basic principles of a new way of thinking, MetaThink[™]. Without exaggeration, this could be the most important survival information you will acquire in this age of retail uncertainty and challenge. I will explain how to make this creative process work so effectively that you will astound those

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The MetaThink process begins with the knowledge that you have "two brains."

THE MYSTERY OF YOUR DUAL BRAINS

The human brain seems to have been designed for MetaThinking.

The left hemisphere of the brain is generally acknowledged as the seat of logical, pragmatic, fact-oriented thinking. It is very time-conscious; it's the word-oriented center of our speech, and can be a wonderful servant in analyzing material reality. The other side of the brain, the right hemisphere, is the seat of creative thinking. It is intuitive, conceptual, and unbound by time. We might say that



the left brain is our "resident scientist" who can examine our business and accurately report the way things are. The right brain is our "resident visionary," and can imagine a better business, a business with associates who serve and delight customers with awesome efficiency-the way things ought to be.

The two points of view, the logical and the intuitive, are synthesized by the passage of billions of messages back and forth each second between the brain's two hemispheres. Our task is to oversee this synthesizing process. Here is another way of saying all of this: the left hemisphere gathers information and provides the material fact of what is; the right hemisphere conceptualizes a vision of what could be. There is obviously a gap between what is and what ought to be, and we evaluate the meaning of this gap by synthesizing the two perspectives. Ideally, we should then strive to take action and close this gap.

It is upon the vast loom that exists between what is and what should be that we weave our destiny, using the threads of today's thoughts and

STEVE CHANDLER is a bestselling author and corporate trainer to over 30 Fortune 500 companies. His book, Wealth Warrior, is anything but a typical get rich formula. Steve suggests: "A warrior does not please. A warrior serves ... Businesses fail because they don't serve." And also: "Companies and individuals who reinvent themselves are more prosperous than those who stay stuck where they are." actions. And, it is in this realm of choice where our will can assert its relative creative freedom. The author, John Steinbeck, once wrote that he was "split into three people" during the creative process because he sensed he was being engaged in a three-dimensional adventure. Likewise, when you are involved in deep thinking about your business or any major problem or important goal, you may sense that you are also getting information from three sources. Most modern business persons tend to see things in one dimension. Perhaps they are materialists who principally think in terms of material reality - what is. Or they may be dreamers, who essentially think in terms of what ought to be, and who are not wellgrounded in material reality. Or, worst of all, they may be stuck in the dead center of indecision. Many business people simply can't make up their minds.

Traditionally, the materialist took pride in power, and the visionary reminded him to temper power with compassion. But now things happen too fast. The voice of the visionary is too often ignored. What the world needs now are leaders who are MetaThinkers, men and women who can synthesize the practical with the ideal. These are the creators who make things happen, the shakers and the movers. The furniture industry has a measure of these people, but it needs more. "When we finish this MetaThinking strategic process, not only will you have a clearly defined and articulated vision, but virtually every one of your associates will appreciate it and will buy into it."

THE SHORTEST ROUTE TO RETAIL SUCCESS

Don't try to imitate the Big Boxes. You throw away the pivotal advantages you have when you attempt this. MetaThink insists we think for ourselves, that we challenge the broad assumptions of both those who presume to tell us the way things are and those who fancy that they know the way things ought to be. It is rough when you are besieged by huge Big Box advertising budgets, tough customers, and a foundering economy to simply pause, stop, and think. Just as it is difficult when lost in the wilderness to take a deep breath and calmly ponder the situation. Even so, while the scrutiny process seems to take time at first, it is not down time. MetaThinking eventually saves time and is the shortest route to retail success.

So, exactly what is the practical application for MetaThink? How can you put this theory to work for you to create a strategy for a more prosperous and profitable store, and support it with vibrant tactics? You can set the reinvention process into motion in three broad areas. All three are difficult in that they challenge you to leave your comfort zone. However, once the three steps are completed, everything else becomes much easier. Everything





you do will be exponentially more effective. I will list them briefly below. But make no mistake, I appreciate the fact that home furnishings retailing is one of the most complex activities of commerce. A home furnishings entrepreneur is required to wear a dozen or so hats: buyer, display designer, manager, psychologist, salesperson, marketing director, and on and on. What I am about to propose will be quite a ride, and you will likely want to sacrifice many sacred cows along the way. Here are the three wide-ranging areas of the reinvention process:

Create a compelling vision. Where do you want to be this time next year? In sales, market share, profit and team-building? Freeing your right brain to create a vision as you think about these issues is a good starting point. But only a starting point; much more needs to be done to completely define and energize your vision with tactical innovations.

Communicate your vision to all of your associates. Tell them what you want to achieve. Explain what steps you are going to personally take to get there and, what tactics you personally will employ to make your store a better place to work by this time next year. Here your left brain must play a dominant role. By documenting your vision, communicating and committing to it openly, you have increased its power immensely. what they will individually contribute to have a better store next year. Find out what they need from management to achieve their goals. With this step, a mutual commitment has been formulated, and a bond of teamwork has been formed. Done correctly, everyone will be on the same page and dedicated to the same victorious strategic goal.

THE DEVIL IS IN THE DETAILS

When you take all three steps and they are working together, you will take a quantum leap past competition, including, and perhaps especially, big box competition.

In this series I will explain exactly how to take each step. The first step is to establish the game plan; your strategic vision. You may believe you have one already. But the odds are it is a vague idea that no one else in your company knows much about. When Fortune 500 CEOs were asked if they had a clearly defined vision and a mission for their companies, over 90% replied that they did. However, when their top managers were asked the same question, the percentage fell to the seventies. When middle managers and supervisors were asked, the percentage who knew the mission fell to the forties. And when line personnel were asked, it actually fell to the teens! When finish we this MetaThinking strategic process, not only will you have a clearly defined and articulated vision, but virtually every one of your associates will appreciate it and will buy into it.

We live in a left-brain dominated, materialistic world. Very few people understand the life-altering significance of maintaining a vision. Walt Disney achieved the creative successes he did because he understood this principle. Disney said he always used "six humans and one accountant" on every creative team. By this, he meant he engaged six right-brain, creative visionaries and one materiallygrounded left-brainer for every project. Disney knew that, although the appropriate amount of left-brain practical insight will help keep the task financially and materially on track, a little practicality goes a long way. Left brainers tend to aggressively dominate teams, and they must be outnumbered or the team effort may arind to a halt.

TAKING ACTION

Our action-objective now is to start the conscious cultivation of your creative power in new and positive ways. Begin to capture the visions of your right brain. Set aside a time—perhaps a half hour-every day to spend with your muse, your resident visionary. She is always anxious to provide good ideas, and occasionally great visions. We are usually too busy, too occupied with problems and concerns to listen. During this half hour, you are stepping into the "eye of the hurricane," where there is always total calm. Surely no one has ever been confronted with greater burdens than George

Get associate feedback. Ask them

"Tell sales associates what you want to achieve. Explain what steps you are going to personally take to get there."

Washington during the dark days of the Revolutionary War. He would give orders that he was not to be disturbed at certain times and this is when he renewed his inner strength. Set aside a half hour tomorrow to begin the process of consulting with your resident visionary. During this period, strive to think in pictures, not words.

Capture these creative ideas by commanding your left brain to record them in writing. Carry a small notebook to record creative ideas when they come through at odd times during the day. Cultivate this new partnership with your resident visionary. Even the most wonderful concept has no temporal power until it finds a human channel to manifest it. Until then, it is but a potential. Your daring vision will simply fade into oblivion if you do not act upon it. The first step is to record it. Then begin to embellish it. Once you have recorded your idea, begin to develop an action plan. In the next article, we will take the visualization process to another level. Having a magnificent data processor-the human brain-and knowing something about how it works is important, but not enough.

Rather than another year of the same-old, same-old, why not address some of the issues that you continually avoid yet you know are killing business? In this series I will focus on the five most common problems I encounter from independent retailers.

• No authentic game plan, no broad strategy, only endless adver-

tising tactics that are no longer working the way they once did.

- The most common complaint is the cost of advertising.
- Weak traffic and difficult, suspicious customers.
- Low employee morale.

• Loss of market share.

In our next article we will formulate a specific game plan to address your specific needs. Then we will learn how one furniture retailer developed a remarkable method to sell his team on his game plan. He told me that he wanted to create a "different kind of company." He was so good at doing this that over the next decade he grew from a single market to one of the largest home furnishings chains in America. He added the caveat that very few CEOs could use his formula, because few would go to the efforts he took to create a fresh vision each



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REINVENT YOUR COMPANY

year and sell it to his associates. Indeed, I have learned over the years that he was right. Superlative leadership and dedication to serving customers on the level this great retailer achieved are indeed infrequent in any industry. I cannot reveal his name, but if you are open to the idea of reinventing your company, in this series of articles, I will tell you exactly how he



did it.

About Larry Mullins: Larry Mullins is a contributing editor for Furniture World and has 30+ years' 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 one of the foremost experts in furniture marketing. His turnkey High-Impact programs produce legendary results for everything from cash raising events to profitable exit strategies. This article is based upon a chapter of his latest book, THE METAVALUES BREAK-THROUGH.

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.

"Rather than another year of the same-old, why not address some of the issues that you continually avoid yet you know are killing business?"

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USE THE CUBE

Ideas for using the wasted space in your warehouse.

by Dan Bolger

ptimistic furniture retailers are boosting their distribution center capacity to meet sales growth that has come with economic recovery, changes in business mix, adding showroom space, competitors going out of business and internal operations improvement.

If your store is positioned for growth as well, you may need additional space to warehouse support increased business. Top performers are meeting this need in three ways:

- Improving distribution space already occupied.
- Expanding the facility.
- Moving to a new space.

It makes sense to boost capacity in your existing warehouse facility if possible. Making improvements can postpone or eliminate the need to add more physical warehouse space without investment in bricks and mortar. This approach has the added advantages of not increasing property taxes or utility costs. Future articles will focus on expansions and new facilities.

CUBE UTILIZATION

There are several ways to get better use of available space in your warehouse:

- Increase the stacking height.
 - Install racks in existing floor storage areas

• Increase storage density in existing racks.

It is easy to overlook the lowest cost space in any warehouse, the space between existing storage and the roof. Fire regulations are a critical factor that will determine if you can fully use this space. Once you are armed with this knowledge you can and should calculate the highest feasible stack height for your building.

Boosting cube utilization by increasing stacking height will not be efficient if your order pickers or lift trucks won't elevate high enough, or require wide aisles. If this is the case, the solution may be to trade in older equipment for lifts with higher masts and a tighter turning radius.

It is surprising how many warehous-



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Cantilever racks with order pickers maximize space utilization. A well thought out combination of conventional and cantilever racks achieve the highest overall efficiency.

es use almost all floor storage for furniture so that half or more of the vertical space is wasted. To squeeze in more stock, aisles are frequently completely blocked or products jammed together. In situations such as this, when a particular piece is sold, many other pieces must be moved to get through. The result is wasted manpower and product damage.

Racking may be justified in warehouses as low as 14 feet, but payback is better if ceilings are higher.

RACKING CHOICES

The most common pallet rack has conventional uprights every 8 to 10 feet as well as horizontal crossbars

"You may be selling more upholstery that can be stored on end rather than flat. This offers the potential to increase storage capacity by 30 to 100 per cent when vertical space is available." and decking. While this is satisfactory for accessories and bedding, a cantilever racking system saves more space and is a more efficient and flexible system for furniture. In one warehouse, we replaced floor storage with cantilever racks having five levels. Each shelf was almost four feet deep and the aisles only required five feet. Effective space usage increased over 100 per cent and everything was immediately accessible!

There are also instances where adjustments can be made without the need to purchase new racking. Often retailers have excellent racking systems, but due to changes in product mix, the clear space between levels is no longer optimal. For instance, you may be selling more upholstery that can be stored on-end rather than flat. This offers the potential to increase storage capacity by 30 to 100 per cent when vertical space is available. Adjusting spacing or even removing a level from one aisle and adding it to another may improve efficiency at nominal cost.

Today's tax laws allow for rapid depreciation of equipment so these investments also improve cash flow while reducing operating costs.

MANAGING SPACE

The most critical element in improving the use of warehouse space is good management and planning. This requires that you know how many cases of product your facility will hold. You should also understand what variables will change this capacity. Finally, you need to know how close to capacity you are.

If you don't have a high tech warehouse management system, space planning should start as goods are received.

Designate a space planner: When a shipment of new merchandise arrives at the receiving dock, who makes the decision about where the merchandise will be stored? All too often, this responsibility is delegated to the person putting stock away. Often this person may make an expedient decision that saves time without saving space. Instead, give one person the responsibility to do space planning. Your planner should be charged with knowing the following information:

- How quickly the merchandise will be shipped out.
- Where empty storage locations are.
- Where additional space can be created by re-warehousing.
- What other receipts are expected.
- The identity of the items on each expected load.

Armed with this information, the planner can develop specific storage

"The person who makes decisions about where merchandise is stored will often make an expedient decision that saves time without saving space."

instructions for every arriving load of merchandise.

Install a locator system: A key element in space planning is an effective warehouse locator system. Such a system is primarily designed to cut order picking time so that the picker doesn't have to search for lost merchandise. A good locator system will also identify opportunities to save space and time by re-warehousing like items.

When setting up a locator system, remember that storage locations can

be either permanent or random. A random location system saves the most space, since anything can be placed in any position. By eliminating the need to reserve space for nonexistent merchandise, you can get better space utilization.

Correctly position fast movers: You probably do about 80% of your sales with only 20% of the items stored. These few fast movers should be in positions where they can be handled most inexpensively, close to the dock

and close to the floor.

As furniture retailers look critically at their warehouses, they almost always find that they can fit in more merchandise. Some changes made may be modest in cost. Other tactics that will increase warehouse efficiency may require the involvement of functional areas outside of the warehouse manager's purview, such as for inventory control and shipment timing. Achievement of an effective warehouse requires support from the many other departments that impact it's



operations.

Staff Amenities: While reviewing how efficiently your inventory is stored, don't fail to evaluate the space your warehouse employees share with that inventory. Providing bright, attractive and well maintained employee break and restrooms are very important to attract and retain productive employees. This aspect deserves a high priority in your planning for obvious reasons. Not to be overlooked is compliance with updated accessibility requirements under the Americans with Disability Act that took effect March 15, 2012 for renovation as well as new construction. These regu-

"The most critical element in improving the use of warehouse space is good management and planning."

lations set minimum standards but local requirements may be higher.

Do it yourself? If you don't have appropriate internal skills to tackle this type of project you may use a consultant. In addition to any specific project achievement, clients come out of the consulting process with resources they didn't have before - new skills, perspectives and systems. You should not



use a consultant as a status symbol or to develop ammunition for an internal political battle. Your consultant should have recent related facility experience and preferably should not be tied to a single supplier. The buyer of management advice has a right to expect that the advice given is both objective and independent. To meet expectations, the client and consultant must have a clear understanding of the issues to be reviewed before the study begins. Once a consultant is selected, you should insist that the appropriate people make themselves available to him or her. When these conditions are met, projects for updating existing processes and operations, or for planning new facilities become more productive from day one.

About Dan Bolger: Contributing editor Dan Bolger of The Bolger Group helps companies achieve improved transportation, warehousing and logistics. Contact Dan Bolger care of Furniture World Magazine at dbolger@furninfo.com or call him direct at 740-503-8875. For more information on transportation, logistics and furniture warehousing topics, go to Furniture World Magazine's website at http://www.furninfo.com/Authors/ DanBolger/2 to read all of Dan's operations articles.



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90 SECONDS TO \$UCCESS SERIES Resistance To Change

S eldom is there just one reason that the sword of Damacles hangs heavy over the head of a furniture business owner. Frequently though, "profit parasites" that literally suck the "life blood" out of retailers are to blame.

Frequently, the underlying reason for the existence of profit parasites is resistance to change. Industrial psychologists have suggested that resistance to change may be the biggest problem in business.

Today there is concern at all levels regarding the worldwide economic impact of Chinese commerce and third world imports. This concern is similar to that expressed in the early 1980s involving Japanese products. During that decade, to analyze the impact on American enterprises, Tom Peters conducted a comprehensive analysis and authored a study titled "In Search for Excellence." 43 corporations that were leaders in their industries were identified. A year later

"Furniture retailers facing changes in technology, in their supply chain or in consumer behavior can make the choice to fiercely protect an existing business model." by Ray Morefield, Common Goals

1/3 of these leaders were no longer in the "top spot". As competition and the market evolved, these industry leaders, in many instances, continued to employ the same policies and practices that placed them in positions of prominence. They were reluctant to deviate from the norm. Conservative and static leadership became the order of the day.

RESISTANCE TO CHANGE

A classic example of being resistant to change is considered by many to be IBM's studied decision to not pursue the market potential of personal computers.

After World War II ended, this well managed, well-intentioned enterprise determined there was a market for only about 12 computers worldwide. Management, therefore, focused on mainframe computers. Not until the 1980s did they introduce their personal computer. This lost opportunity signaled the decline of many of the OEM portions of IBM's business including the typewriter and mainframe business, and was the beginning of a long and difficult transition for this iconic company.

Let's consider a second example. Kodak invented the digital camera in 1975, but continued to place emphasis on their film sales and processing revenues.

Polaroid held a dominant position with "instant pictures". Today Kodak and Polaroid Corporations have dealt with financial challenges due to the broad acceptance of digital photography. Even though they were both pioneers in developing digital technology, they saw it as a threat to their core business. Today both have lost positions of leadership.

Like Kodak, IBM and Polaroid, furniture retailers facing changes in technology, in their supply chain or in consumer behavior can make the choice to fiercely protect an existing business model. Alternatively, they can hedge their bets by testing out new technologies, ideas, and models. In our industry we've seen the tide of imported goods and internet sales wash over many traditional independent retailers that put all their energy into resisting change. Many who have joined buying/marketing groups, become early e-commerce adapters, tested new retailing models or purchased franchises have fared better.

MARKETING & POSITIONING

An example of the merit of being responsive rather than resistant to change occurred in the time keeping industry. Following the introduction by Japanese and American watchmakers of affordable quartz wristwatches, many traditional higher-end Swiss clockmakers continued to produce mechanical watches. While they have lost market share, they have made changes "to remain in the hunt" by focusing on fashion. In essence, they resisted technological change, but didn't ignore it. They adapted their marketing by targeting a narrower

"Industrial psychologists have suggested that resistance to change may be the biggest problem in business and industry."

consumer base. Mechanical timepieces are now worn more for their aesthetic attributes, as jewelry and a statement of one's personal style, rather than for their accuracy and timekeeping ability.

Likewise, many home furnishings retailers have been wise to consider adapting to change by becoming product specialists, advertising creatively and aggressively pursuing niche market strategies.

EFFICIENCY

In the 1800s, J.D. Rockefeller became the richest man in America. His personal worth was \$900 million even though he gave over \$530 million to charity.

Rather than initiating changes in

Standard Oil products or modifying quality and price, he reduced cost and overhead by focusing on logistics to capture leadership in an industry in transition. This is another path for retailers who see opportunities to cut costs with fierce attention to continuous improvement.

MANY PATHS

The highway to leadership through change offers opportunity via many paths. Not every path is the right one.

We are all familiar with cases of enthusiastic independent furniture stores that responded to large low

handcrafted. beautifully american. handcrafted. beautifully ameri

RESISTANCE TO CHANGE

priced competitors with copycat policies. They saw new ideas emerge and then followed the leader with imitations or similar products and marketing strategies. Unique features or selling propositions were replicated in detail.

Because those that are first in the market normally gain and retain market share, copycat marketers are often

"Only when we recognize this tendency can the issue be confronted and so change the way the view and respond." resigned to buy market share with discounts or reduction in margin.

How we handle change internally significantly effects how it is accomplished externally with our vendors and customers.

Change is inevitable. It wears many different hats. Just as some suggest humans recycle most cells every 7 years, organizations require a regular renewal of ideas, products and policies to keep pace with the changing market, including consumer needs and wants.

Consistent change in the manufacturing and marketing of the furniture industry is the new normal. Everything from bedding to motion, including color and finishes, is subject to intense scrutiny.

Neuroscientists confirm that studies

show it is normal to be reluctant to take risks and risk change. We become creatures of habit, and habits make us comfortable. We tend to, therefore, frequently resist change, even when old habits become destructive.

Only when we recognize this tendency can the issue be confronted and so change the way we view and respond to the inevitable... change.

About Ray Morefield: 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, can be directed to him at editor@furninfo.com. See more of his articles at www.furninfo.com.

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CHAIN OF OPERATIONS

Checklist for eliminating weak links to improve your retail efficiency in 2013.

by David McMahon

A ny business model functions in a chain of activities. Each job function or process is a link in a chain playing a critical role in adding value to the previous function. It, in turn, passes on value to the next function. If there is a weak link in your chain of operations, it will eventually break, causing your operation and customer experience to suffer.

Let's use the purchase process as an example. Suppose a customer wishes to special-order a table. She reviews all the details with her salesperson who writes up a sales order. The sales order is given to the purchasing manager who keys in the PO and specifies a flat black finish. The merchandise arrives, the delivery is scheduled and delivered. When the customer sees her table, she is dismayed. She wanted gloss black finish and asks for a refund.

This is just one example of hundreds of breaks that occur in the chain of operations. If this business had a stronger link between the salesperson and the purchasing process, this kind of problem could have been avoided.

The diagram on page 40 represents various links in the chain of a retail furniture store operation. Each role must be completed perfectly before proceeding to the next link in the chain.

CRITICAL LINKS IN THE CHAIN OF OPERATIONS

Marketing: The first link in your business chain is obvious. It is the role of marketing. There is no business without customers. Whatever your media and networking combination, its purpose is to obtain relevant sales leads. If your product is high-end luxury contemporary merchandise for example, you probably don't want high school kids visiting you. You would much prefer a high income, style conscious customer, right? So, that's where your marketing focus should be. Know your customer and target your efforts directly to that audience. Businesses with a strong first link will get more selling opportunities. Businesses with a broken first link don't produce enough leads and have a difficult time growing their operations.

Initial Customer Visit & Salesperson Engagement: Serving your customer professionally is the goal of engagement. This is where a good CRM (customer relations management) system can help. Salespeople work with customers to help them discover and solve purchasing challenges. A certain percentage of customers do not buy on their initial visit, however. That's why capturing customer visit data is important. This can be done through a variety of methods ranging from VIP draws to writing up quotes. The next best thing to a buying customer is one who leaves after giving you their contact information. Which leads to the next link...

Follow Up with CRM: The only purpose of a lead is to follow up on it. If there is no system to follow-up on leads, most will die a guick death. CRM encourages this follow-up. Customers who give you their information deserve to be contacted. To increase your chance of getting through, contact them with a relevant communication in a media that they prefer. If they signed up for your VIP list, send them a monthly email with a discount or drawing opportunity. If they got a guote, call and email them a product update with information to help them make their decision. You will find that the top salespeople in the world have a talent for follow-up. Use a CRM system to help your average salespeople become great salespeople. These systems generate information so the follow up can be executed



and managed. Customers are not forgotten.

The Sale: When the sale is made, it is critical to get it entered in a timely and 100% accurate fashion. Delays in sale entry cause inventory counts to be off, resulting in all sorts of potential problems. The sale must be entered with the correct quantities, location, amounts,

"Businesses that have a broken link here tend to have open sales that sit in their system for long periods of time." tax, items, salesperson, delivery or pick up method, addresses, payment terms, and special instructions.

iPad and PC tablets are great ways to get the sale entered in a timely and professional manner.

Just telling your people to do this does not always make it happen. Every link in the chain must be managed. One purpose of management is to inspect what you expect. Without inspecting work, there will be errors and customers will suffer. At the end of each day's business, review all sales for the day.

Daily Cash Receipts: Perfect control of daily cash in your system is required. Forget manual day sheets unless you are committed to being a pen and paper operation. Every retail software system includes a report to review daily cash receipts. At the end of each day or following morning, run a cash report for the cash, checks, credit cards, and finance payments received into your system. Compare it against the physical cash, checks, and credit card totals collected. If there is a discrepancy, either someone made a mistake entering a receipt, the money never came in, or it is somewhere else. Rectify all issues immediately. This process should take under 20 minutes per day for even large operations.

IF MERCHANDISE IS TAKEN FROM STOCK

When merchandise is sold, it is either taken from stock or special ordered. If taken against stock, the correct location of the items in inventory must be attached in the system. For example, if you have one item on the floor and one

"Someone tells the rep

to order some merchandise, and the PO never gets entered. When the merchandise arrives, the warehouse has no idea what to do with it. Enter the PO in real time and this won't happen to you."

of the same items in your warehouse, the entry person needs to make sure the customer's sale is assigned appropriately.

After choosing the right item location, the date of the pick up or delivery should be set in the system. If unknown, it should be determined ASAP or Not Set.

Take-With: In the situation where cus-

tomers take products with them, a receipt should be generated for them to sign upon taking possession of the goods. As a rule of thumb whenever merchandise comes into a building or leaves a building there needs to be a receipt. During the sale entry of a takewith item, the sale can be billed or finalized at that time. The merchandise moves out of the books and the customer's account is invoiced. **Pick-Up:** On pick-up where a customer comes in at a later time, receipt of the product is required. The customer signs for the merchandise. Payments are accepted where necessary. The signed receipt is retained and forwarded to your office by the end of the day.

Delivery: If merchandise is in stock and the customer wishes delivery, the sale should be dated appropriately in the system. This date acts as a communication tool between various departments and your customer. It allows the salesperson to know when the customer expects the merchandise; the warehouse to know when to get the inventory ready; the office to know when the sale is expected to be invoiced.



"One purpose of management is to inspect what you expect. Without inspecting work, some work will be wrong and the customer will suffer."

IF MERCHANDISE NEEDS TO BE ORDERED

Special Order Purchasing For Customers: I am a believer in point-ofsale entry. That means that the sale is entered in front of the customer at the time of the sale. Operations that can't do this have to rely on interpretation of various handwritings at some point after the sale. If a customer requires a special order, it makes sense to have them agree to the specific details by involving them in the process at the point of sale as well. After sales are entered each day, purchase orders can be generated for sales that are not assigned against in-stock merchandise. The PO's should be double checked by salespeople, the purchasing staff, or both before being placed. They should include the customer's name and sale number.

Stock PO's: The other type of purchase order is for stock. Like customer PO's, stock PO's should be done in your system at the time of ordering. Never hand write them or place orders verbally with a vendor representative. One of the biggest breaks in the chain of operations occurs here. Someone tells the rep to order some merchandise and the PO never gets entered. When the merchandise arrives, the warehouse has no idea what to do with it. Enter the PO in real time and this won't happen to you.

The PO number is your master merchandise tracking number and all orders must be placed with a system PO number. Require that vendors use this same reference number.

Purchase Follow-Up: PO's should be acknowledged. The estimated arrival dates should be updated. The costs should be adjusted. The accuracy of the order should be reviewed. Unless an order is transmitted via EDI or through a vendor's system online, there is a chance of error on entry. The acknowledgement gives you time to correct errors. In integrated systems, this process also updates the salespeo-

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ple's CRM info so that you can communicate with customers regarding order status. It also communicates the expected arrival times for new stock.

Receiving Preparation: Insist that all vendors schedule incoming freight. Get them to send a packing list via email prior to the freight's arrival. This enables your warehouse crew to be ready for the truckload. The appropriate staff can be scheduled. Bar code labels can be preprinted and organized. The dock can be cleared. It will not get jammed by multiple unexpected containers arriving at the same time. You will be ready.

Receiving: One person should direct the receiving crew. This person needs to have all the bar code labels organized on a large receiving table by the dock. After a crew member moves the merchandise from the truck, he needs to stop so that the receiving director can scan the label and stick it on the product. If the warehouse has a wireless system the quantities in the system will be updated immediately. If the warehouse uses a batch bar code system, the quantities from the scanner should be uploaded to the system immediately after the physical receiving is complete. Either way, the merchandise information is updated fast for everyone in the organization to see in real time. Manual entry of receiving sometime after the fact is less efficient and prone to error.

The system should inform the receiving crew if merchandise is for stock, floor display, or a special order. Stock inventory can be moved and scanned to any available rack location. Efficient warehouses with effective employees use locator systems that allow merchandise to be easily put away, easily found, and allows for the best use of space and time.

If the merchandise is not on display,

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"Businesses that have a broken link here tend to have open sales that sit in their system for long periods of time. This leaves them exposed to theft, collection problems, and unpaid sales tax issues."

your operating chain should include a function to identify items that should be moved to a showroom. Quick operations will have a designated floor transfer area in their warehouses.

A cross dock system can be put in place for special orders. Like the merchandise to display system, merchandise to be delivered can have a special area. Again, this can speed up the process of getting the merchandise in and out.

Any paperwork including bills of lading, packing lists, freight invoices, and receiving registers should be organized by the truckload and forwarded promptly to accounts payable.

Delivery Scheduling: Sales can be scheduled for delivery by one person or several people. Either way, customers should be contacted fast to set a date. The faster your customers are booked, the faster your revenue cycle. Other than the date and time of delivery, all relevant notes and COD requirements should be dealt with on scheduling. Cutoff product levels should be established by piece, cube, and/or stop. The goal is filling up trucks each day. Cutoff times also need to be in place so that the manager knows when to start pulling product.

Even small mom and pop operations benefit greatly from doing it this way as opposed to pulling a paper sale, writing a delivery, and sticking it on a clip board. cutoff time, picking information is generated. In large operations with mechanical pickers, racks, and levels, it is best to pick by aisle as opposed to picking by customer. In this way the crew does not go back and forth, revisiting the same warehouse areas. In smaller, non-racked warehouses it may be faster to pick by the customer.

The cutoff time to start picking will depend on the average amount of preparation that is required to get the merchandise ready for delivery. This can be anywhere between a half day to two days.

Operations that spend more time on merchandise preparation are ones that have happier customers and fewer delivery-related service issues. Operations that deliver wood-made products in the box have more service issues than those that take the merchandise out of the box and deluxe it.

As mentioned above, all merchandise that comes in and out of a building needs a signature. Delivery receipts, therefore, need to be generated for the date of delivery. This can be done on paper or on a tablet/ iPad device that allows for a customer signature.

Deliveries should be routed using a mapping program. These programs allow for big savings in people hours, customer time, and driving costs. Once the route is mapped, the customer can be texted, called, or emailed with the delivery time window.

Finalizing Delivery: Customers sign for

merchandise upon delivery. If they sign electronically, some advanced systems can auto-finalize the sale. For companies that use paper delivery receipts, these receipts and any money collected should be submitted to the office as soon as the truck returns at the end of the day. Either method works well.

Businesses that have a broken link here tend to have open sales that sit in their system for long periods of time. This leaves them exposed to theft, collection problems, and unpaid sales tax issues.

Accounts Payable: Each day, receiving information should arrive from the receiving manager. This should be filed into a "Merchandise received, waiting on invoice entry" file.

Each day, merchandise and freight invoices arrive from vendors. This should be filed into an "Invoice not entered, waiting on receiving" file.

Even if an invoice arrives before a shipment, it should only be entered when there is the verification of receiving the goods. At that time, the costs can be adjusted. Actual landed costs are reflected in the cost of goods. Without this link, costs, as well as product pricing and gross margins may become inaccurate.

On accounts payable entry, the receiving and invoices should be matched and then filed into an "Entered, to be paid" file.

Expense invoices follow a much simpler route. Just enter them when the mail is opened. Don't let invoices stack

Delivery Picking and Preparation: At

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"The only purpose of a lead is to follow up on it. If there is no system to follow-up on leads, many die quick deaths."

up on someone's desk without being entered. If this occurs, your debt situation would be understated. Then on the date when all the entry happens, you may be shocked by how much money you suddenly owe.

Check Writing Process: Check runs are often prepared weekly. Once per week, on Wednesday, for example, review an account payables open aging or cash requirements by due date report. Depending on your cash situation, decide on what you want, or don't want to pay. Make your selections in your system. On Thursday, print and sign the checks. Staple the office check stub to the invoice. Put it in a paid by vendor file.

Ledger and Financial Statements: In an integrated enterprise system, all information from cash, accounts receivable, inventory, accounts payable, and payroll end up in the general ledger. Journal entries are made automatically to the proper account.

Do your bank reconciliation on line daily or a few times per week. This allows you to catch any additional charges that need to be entered. It also helps catch cash errors that occurred in accounts payable or bank deposits.

If your financial statements are set up properly in advance, you should be able to just push a button each month for your master business performance reports. You will automatically get:

- Profit and Loss Statements this will show you sales, cost of goods, gross margin, operating costs, and net income for various profit centers.
- Balance Sheet this will show you your general business health as far as what you own and what you owe.
- Cash Flow Statement this will show you your cash position at the beginning of the period, why it changed, and the cash position at the end of the period.

There are many operational links that are critical for the health of your business. Strong functional links produce strong information. This efficient chain allows your employees to better serve your customers. Weak links destroy information. They make business difficult. Examine your operations chain and ask, "Does it make sense to do it this way?" "Are we doing it this way because we always have?" "Could there be a better way?"

About David McMahon: David McMahon is a Certified Management Accountant and Management Consultant with PROFITconsulting, a division of PROFITsystems. Questions about this or any of his articles archived on FURNITURE WORLD Magazine's website at www.furninfo.com/Authors/ DavidMcmahon/6 can be directed to Davidm@profitsystems.com or call 800-888-5565.









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leather handle and chrome hardware and locks

Jaipur Rugs

From the Foundations Collection, "Cloud White Charcoal". This contemporary styled rug is made in India and hand tufted with wool and art silk.

Contact information on index page 96.



Wallbeds

complete the package.

Contact information on index page 96.

The Table Bed in clean white lacquer is available in eight finishes. This space-saving unit is made from Birch solids and veneers with over 19 different side cabinets. Made in America.



Cresent

Waverly is a new cotemporary lifestyle collection crafted in solid Acacia with a wire brushed texture and minimalist bronze bar pulls that provide a striking contrast to the rich Driftwood finish.

Contact information on index page 96.



Borkholder

The Dunkirk Table is made of quartersawn White Oak with twisted powder coated steel accents. Available in four sizes with up to four leaves. Made in America.

Contact information on index page 96.



Elran

Jordan is contemporary in style with sloped arm and blanket chaise seating. It is shown here with optional contrast stiching. Customized options such as power recline and custom covers are available. Made in Canada.





BEST SELLING **DESIGNS**



Bush Furniture

The latest addition to Bushs' fireplace line is this

two-in-one Fireplace Entertainment Center. It has a realistic-looking electric fireplace adding warmth and ambience to any room, plus a flat screen television and audio/visual. UPS shippable. Made in America.

Contact information on index page 96.





This unique, fine-quality metal sculpture is one of Artisans' many pieces handcrafted and finished with intriguing surface treatments, paints and patinas, signed and dated with the C. Jére mark.

Contact information on index page 96.

Surya

Alameda, designed by Beth Lacefield, features nine different color palettes ranging from bright dahlia and tangerine to serene neutrals of spa blue and truffle. Crafted in India, and flat-woven of 100% Wool. Suggested Retail for a 5'x8', \$355.

Contact information on index page 96.

Horizon Home

A new addition to the "Bombay Collection", is the Shutters bed with solid wood construction, hand painted finishes and time worn distressing for a vintage look and feel. \$499.00 retail.

Country View Woodworking

The Hampton dining room is traditional in style and features two or three-door hutch with leaded glass, raised panel styling, and fluted molding. Side and arm chairs come with fabric or wood seats. This collection is available in Oak and Cherry. Made in America.

Contact information on index page 96.

Ashley Sleep™

The Nu WaveGel mattress is Eco friendly. It features foam encasement to provide greater edge stability, TorsoTec for additional spinal and body contouring support, and environmentally friendly memory foam. Patented Gel is bonded to the memory foam just below the sleeper to provide the fastest cooling effect. ActivFresh Charcoal and Evergreen Green Tea Extract reduce odors and absorb moisture. Made in America.

Contact information on index page 96.



Walker Edison

"The Sundowner" is constructed of high quality acacia wood, and weather resistant hardware. Includes thick six inch seat cushions shown in an attractive red fabric with 2000+ hours of UV protection. The ottoman can double as a coffee table.



BEST SELLING **DESIGNS**



Rizzy Home

From the Bellevue collection, this rug is made in India, power loomed from 100% Heat-Set Polypropylene. Suggested Retail for a 5'3"x7'7" is \$275.

Contact information on index page 96.



Loloi

Hand-knotted of 100% wool from India, the Laurent Collection features a series of soumak rugs that add a touch of casual elegance to traditional and transitional rooms. Available in a series of hand-dyed earthy colors in sizes $4' \times 6''$, $5'.6'' \times 8'.6''$, $7'.9'' \times 9'.9''$, $8'.6'' \times 11'.6''$, $9'.6'' \times 13'.6''$, $12' \times 15'$, and $12' \times 17'.6''$.

Contact information on index page 96.



Klaussner

The Gantt collection has three bordered welted seat cushions that complement the tight back. Slender, classically styled, welted, rolled arms rest on thin wooden legs. Oversized arm pillows pop in texture and provide a colorful touch.

Huppé

The Lyrics collection is from the UP line, made of select American Walnut veneer and a blend of microtextured lacquer. The collection is equipped with top quality hardware and hidden self-closing slow motion slides that allow the drawers to close ssoftly and quietly. It is available in several UP colors and various microtextured lacquer finishes. Made in Canada.



Contact information on index page 96.

Omnia

The Western Collection features Nailhead detailing and distressed leather. The Cheyenne Sofa, H36" W96["] D38" and the Mission Push Back Recliner, H45" W34" D36" are shown in Rowdy Bison Tan. Made in America.



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Moduluxe is a highly configurable bedroom and storage system that can adapt to most spaces and needs. Beds, configured for mattress only, may be ordered in multiple headboard designs with either under-bed storage or with a deeply set plinth base for a dramatic floating motif.



Better Bedding & Mattress Sales Series

BEDDING ANATOMY 103

Part 9: Foam: The cells that breathe new life into bedding products.

by Russell Bienenstock

his installment of Furniture World Magazine's Better Bedding and Mattress Sales series will expand upon information presented in the last two issues on mattress construction. In the July/August installment we looked at how retail sales associates can successfully introduce information on mattress specifications and technologies into their presentations. The ups and downs of innersprings were presented in the October/November issue. If you missed these or any of the previous eight articles in this widely

"What's interesting about IFD and what most sales associates and buyers don't realize is this. They normally believe that the denser the foam, the firmer it is, but that's not necessarily true."

-Bob Muenkel, Serta International

read series, please visit www.furnin fo.com/ series/ bedding.

USEFUL EMPTY SPACES

Now we will take a close look at foam, the most common bedding component found in retail furniture and bedding specialty stores.

Lao Tzu pointed to a metaphysical truth when he wrote in the Tao Teh Ching, "Thirty spokes share the wheel's hub: It is the center hole that makes it useful. Shape clay into a vessel; It is the space within that makes it useful. Cut doors and windows for a room; It is the holes which make it useful. Therefore profit comes from what is there; Usefulness from what is not there." Though certainly stretching his words too far toward the mundane, we might consider that like the doorway or the pitcher refered to above, what all foams have in common are the empty spaces within. Foam is filled with tiny air bubbles that make it both useful as well as profitable.

As defined by Merriam Webster's Dictionary, foam is "a material in a lightweight cellular form resulting from introduction of gas bubbles during manufacture". We might add that the gas bubbles can either be introduced physically or be the result of chemical reactions during the foam making process.

AN EXCITING MATERIAL

What is your favorite kind of foam? Is it the kind that rises from the pounding Pacific surf or above a cold glass of beer? If you are in the furniture business, probably not. Furniture World's editors would like to assume it's the kind that helps our customers to get a good night's sleep. Foam is a wonderful material, and unless you've been taking zzz's in your bedding department for the past decade or so, you must know that recent innovations in foam technologies have driven the rapid growth in mattress sales. Foam advances have opened up myriad possibilities for retailers and consumers.

Does your customer prefer bouncy? Show them latex. Do they like that sinking feeling? Memory foam might be for them. Hot? Add some gel to that foam! Foams allow for infinite variety as they are mixed, matched and engineered to achieve nuanced support and comfort. The quality and amount of foam in a mattress also greatly affects its price, quality and durability. That's why knowing a bit

11

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"The more material that is stuffed into a cubic foot, the more it costs, so the only reason to use lower density foam is to hit lower mattress price points." -W. Brent Limer, Hickory Springs

more about these materials allows store buyers to buy better, and retail sales associates to serve customers more authoritatively.

Within each mattress category there is wide variation in the thickness of foam used, its density and composition. This goes a long way toward explaining why two similar looking foam mattresses can vary so widely in retail price point.

FOAM BASICS DENSITY & IFD

Allen Platek, Vice President Marketing at Sealy notes that, "For most consumers foam is foam and, unless retailers educate them about the quality of foams that are being used in their mattresses, customers may end up with products that perform poorly and get body impressions. Without guidance, many people choose a foam mattress simply based on its thickness without considering its guality."

W. Brent Limer, National Product Manager, Hickory Springs Bedding Products suggests that retail buyers and sales associates should, therefore, take the time to learn some foam basics. "Foams are pretty simple until you get into specialty foams and even those can be understood by knowing about density and IFD.

"Density," he says, "tells about a foam's durability. Its indentation force deflection (IFD) tells you about its firmness. Basically IFD measures how much the foam is pushing back at certain depths as it is compressed."

"Typically measured at 25 per cent compression using a four inch thick sample," clarifies PFA's Bob Luedeka, "IFD is the number of pounds required to compress a four inch thick sample, one inch; 25 per cent of its height using a 50 square inch indenter plate."

Continues Brent Limer, "Foam density is measured in pounds per cubic foot, so, if you have one pound per cubic foot, the density is lower than if you have foam with a density of 1.8 pounds per cubic foot. Density does not affect the feel. The feel is determined by the IFD. Density does affect longevity.

"Also, the more material that is stuffed into a cubic foot, the more it costs, so the only reason to use lower density foam is to hit lower mattress price points.

"For mattresses with a solid foam core," he continues, "manufacturers may use foam that has around a 30 IFD. What's needed in a foam core is a higher IFD, and as foam gets closer to the top of the bed, the IFD comes down. If there are multiple comfort layers, the IFD comes down to the 10 or 12 or 15 range. Foam used for edge support with foam encased innersprings typically has a 45 or 50 IFD so that it holds the innerspring in the encasement and is firm enough to support a person sitting down on the edge of the bed."

"What's interesting about IFD and what most sales associates and buyers don't realize," adds Bob Muenkel, Director of Sales Education & Development at Serta International, "is this. They normally believe that the denser the foam, the firmer it is. Most will automatically assume that a 1.5 density foam is firmer than a 1.2, but that's not necessarily true. It's definitely heavier if you were to weigh it, but it's the IFD that determines firmness. Foamers can actually change their formulations to create a higher density foam that feels softer than a lower density foam."

TYPES OF FOAM

Now that we've discussed the basics of foam density and firmness, let's take a closer look at foam types.

"There are three types polyurethane foams used in bedding today," explains Bob Luedeka, Executive Director of the Polyurethane Foam Association, Inc. (PFA). "The first is conventional foam that's plain old garden-variety foam. The second type found in the marketplace is high resilience foam, nicknamed HR foam. There used to be a whole lot of it in the bedding industry, but not so much now. The third type, viscoelastic, is also called memory foam, which is sort of an oxymoron. It's the opposite actually. Memory foam is very slow recovery foam.

POLYURETHANE FOAMS

"The higher the density of conventional polyurethane foam, the better you're going to do in terms of support and durability," elaborates Luedeka. "And, durability in the mattress business means minimizing body impressions and maintaining firmness. The higher the density, the greater the probability that you're going to have good life from the product, plus minimal compression set (the tendency of foam to lose height as it is used). High-density foam also help to maintain original firmness and can provide quick height recovery, so when your customers get up in the morning their mattresses spring back to their origi-

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Chart at left shows total flexible polyurethane foam production, US upholstered furniture FPF production and US residential mattress FPF production. Note the rise in bedding foam production starting in 2001 due to increased sales of memory foam mattresses. These units typically have solid conventional polyurethane cores under a high density viscoelastic foam surface. Information supplied by The Polyurethane Foam Association.

"Consumers who have done any work on the Internet know that body impressions in these thick mattresses are a big issue. And, today RSA's

are conscious of that." - Allen Platek, Sealy

nal shapes.

"HR foam has been supplanted by higher density conventional foams and memory foam or viscoelastic, the technical name for it. HR foam was really good for bedding because it had an ability to be very soft yet very supportive. With conventional foam, even at high density there is a limitation as to the amount of support that can be generated. On the other hand, HR foam can have proportionally more support and still be soft on the top. The reason for this is that HR foam has an irregular cell configuration. High resilience, foam springs back very quickly, has good ball rebound, great comfort and support, too."

We asked Bob Luedeka to give Furniture World readers some background on how polyurethane foam came into the bedding marketplace. "Polyurethane foam," he responds, "first got its foot in the market as a replacement for latex. Many early polyurethane products were stiff and boardy. They didn't work well in furniture, but they did serve a purpose in bedding where people liked firmer feels in beds.

"In the early 1960s, new catalysts were introduced that allowed polyurethane foam using a continuous production process rather than batch pouring, and this allowed the development of new polyols that expanded its range of densities and firmness. This put a lot of comfort into the product. Polyurethane certainly got the attention of the nation's largest retailer, Sears Roebuck."

According to Luedeka, the market for solid core polyurethane foam mattresses grew rapidly through the latter part of the 1980s with Sears leading the way. Then the trend began to swing the other way when Sears decided to turn over its bedding departments to national brands that de-emphasized solid polyurethane foam mattresses.

"After that," continues Luedeka, "everything became pretty quiet with foam core bedding, but an awful lot of polyurethane foam began to go into innerspring models as high profile mattresses became more popular. The thickest innerspring coil you can put in a mattress is about five-and-a half inches high. To create a mattress that is 14, 15, 16 or 17 inches thick, upholstery materials must be added. Originally this extra material was mostly conventional polyurethane foam, and the bedding business absolutely skyrocketed."

Adds Sealy's Allen Platek, "What happened in the industry at that time is what I call the arms race. Manufacturers of beds built thicker and thicker and thicker mattresses largely by putting in more foam."

POLYURETHANE QUALITY

Furniture World asked Sealy's Allen Platek to talk about indicators of poor quality in conventional polyurethane foams. He replied, "Consumers who have done any work on the Internet



Photo with the handprint is Hickory Spring's visco (memory) foam, primarily used for bedding applications.

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Pictured is a roller drum used in the manufacture of foam nodules. Also known as convoluted foam, it is used as a comfort layer. Photo supplied by Hickory Springs Manufacturing.

"There are three types of polyurethane foams used in bedding today. The first is conventional foam that's plain old garden-variety foam. The second type found in the marketplace is high resilience foam. The third type, viscoelastic is also called memory foam."

-Bob Luedeka, Polyurethane Foam Association, Inc.

know that body impressions in these thick mattresses are a big issue. And, today RSA's are conscious of that. They shy away from selling those 16, 18 and 20 inch beds and, over the past four or five years, we've started to see beds skinnying down again.

"The vast majority of the foams we use in our products are polyurethane foams. We don't use any urethane foam with less than a 1.2-pound density. A lot of manufacturers out there are using one-pound foams. I've even seen them as low as 0.9-pounds. And, with a density that low, you're just going to get an inferior product that breaks down over time.

"Also," he says, "we stress that we don't use any convoluted foams in the upholstery layers. Convoluted foam, commonly known as Egg Crate[®] foam, is a product that's generally used to add profile to a bed at lower cost. A bedding manufacturer can take a three and a half inch slab of polyurethane foam and make five inches of foam out of it by convoluting it. The result is five inches of profile for the cost of three-and-a-half. It is a very weak profile because over time that convoluted foam smashes down and results in a body impression."

"Regarding convoluted foam," Bob Luedeka told Furniture World, "manufacturers talk about comfort padding. They say the Egg Crate-type design is there to cuddle customers. They explain about posturization, with more foam (fewer dimples) at the center, then under the head and feet, giving more support. Technically that's correct because there could be more foam for support in the center than at the ends. In most cases though," he continues, "it's more of a visualization of comfort thing. But, there are some companies that have used convoluted foams effectively to create products that have a very good feel."

"Another indicator of poor quality," says Sealy's Allen Platek, "is beds that incorporate thin layers of polyurethane foams. We see the better bedding companies are using fewer and thicker layers of polyurethane foams.

"The analogy I use," he continues, "is this, you'd have no trouble bending a stack of 150 sheets of aluminum foil. They're all very thin. But if I handed you a half inch thick piece of solid aluminum, you probably couldn't bend it. And the same thing applies with foams. More thin layers can shift in a bed, bunch up and nest into each other. When I see all those different layers it's a red flag that there may be a problem with body impressions in the future."

VISCOELASTIC FOAM

As was noted previously, viscoelastic foam, known as memory foam or simply visco, is a form of polyurethane foam that has slow recovery characteristics. "About 2001, says Bob Luedeka, "we started seeing a big move in viscoelastic production volume. Today, essentially every foam producer in the United States makes a viscoelastic foam with most of it aoina into the bedding market. It is typically a high density product, meaning the density is greater than two pounds and can run up as high as five or fiveand-a-half pounds. It is characterized by slow recovery that is sensitive to heat, an ideal product for mattresses because as the foam begins to warm up it becomes even better at distributing weight. In doing so it relieves pressure points over the entire surface of the body, particularly under the places where weight is most concentrated. Someone sleeping on memory foam leaves a body impression in the top of the bed, but then, after a few hours, the foam recovers and looks normal again. Part of this is the result of temperature change. Typically memory

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"You wouldn't want

your customer to receive a new mattress that had showroom-like slow recovery, and then, perhaps a year later, to have it lose that property and become faster in terms of its recovery." - Bob Luedeka, PFA

foam may feel a little bit stiff when a consumer first lies down, but as it begins to warm up, it really contours well. Because it's typically a high-density product that has many of the same type of characteristics as an HR foam, it delivers a lot of support.

""Prior to PFA, when I was working with the marketing team of Union Carbide, viscoelastic foam was first introduced. Efforts were made to quilt mattresses with it. It was so soft and so slow in recovery some thought it would make a great quilt backing. But that idea didn't fly because quilting machine needles stuck in it. In the beginning, many visco mattresses were made of 100 per cent viscoelastic foam that has a very high support factor that won't allow a sleeper to bottom out. These mattresses were not nearly as thick as some of the products we see today. They had a lot of give to them and sleepers would sink into them as if it they were on a waterbed. Manufacturers soon discovered that they could place layers of viscoelastic foam over a high-density conventional foam core in the center, and that worked well.

"Viscoelastic foam can be formulated in many different ways. The trick is to get slow recovery when you compress it and then remove the compression and this needs to work over a range of temperatures."

Furniture World spoke further with Sealy's Allen Platek about foam cores



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"More thin layers can shift in a bed, bunch up and nest into each other. When I see all those different layers it's a red flag that there may be a problem with body impressions

in the future." - Allen Platek, Sealy

in memory foam mattresses. "Most people," Platek said, who own memory foam beds actually think their entire bed is memory foam. They don't realize that there's a six-inch polyurethane base under that memory foam. The cores in most memory foam mattresses are solid blocks of polyurethane. In upper end memory foam mattresses, you'll see an engineered core."

"What makes visco, visco, is its high density. You can't have a low density visco," adds Brent Limer. "You might see a two and a half pound density visco, maybe a two pound, but it won't have its characteristic slow recovery. We make it up to five pounds, which is a very high quality visco. It is more expensive than conventional polyurethane foam because of higher pounds per cubic foot. A five pound density visco foam will have five times as much material as a one pound polyurethane."

We asked Serta's Bob Muenkel to comment on the variation in quality of viscoelastic foams used in mattresses.

"There is a broad spectrum of memory foams out there both in terms of look, feel, quality and even how it's made," he noted. "Memory foam can be either more towards the closed cell or an open cell variety. Closed cell means that the foam contains tightly packed cells that have a tendency to feel and sleep warmer. Open cell memory foam is definitely more common and more expensive. Open cell memory foam allows the air more freedom to move in and around. This creates a plusher type material and a lot more airflow. And that airflow is the key agent for removing and dispersing excess body heat.

"My rule of thumb is that memory foam should be at three-pound density or greater. Higher density is typically better. But here's an odd thing. Sometimes a mattress can have only a half-an-inch of memory foam, and you'll still get some benefit.

"There's just a huge range of product that's out there," he adds, " from the commodity-type memory foams which might be lower density closed cell formulas all the way to the premium product, higher-density and more open cell formulas. In my personal opinion, the branded memory foams are much better than the commodity Memory Foams that are out there."

Sealy's Allen Platek agrees. "The thing about visco," he says, "is that a consumer can buy a visco bed from \$499 all the way up to \$8,000. Because of visco's success, we've seen a deluge of very cheap imports. And, it's easy for customers to ask themselves, 'Why spend \$3,000 when I can have a memory foam bed for \$499?''

Given the price differential, we asked our experts to identify some of

the characteristics of poor quality memory foam.

Bob Luedeka explains, "It would not be desirable to have very fast recovery or recovery time that sped up a lot over time. In other words, you wouldn't want your customer to receive a new mattress that had showroom-like slow recovery and felt areat, and then, perhaps a year later, to have it lose that property and become faster in terms of its recovery with time under the same temperature conditions. If visco is too low density it could have less support than higher density foams. Higher density can give it guts underneath in terms of better support."

So, can retailers easily tell the difference between good and poor quality visco?

Luedeka continues, "There was discussion about developing a definition and possible performance standards. This wasn't pursued because these foams are used in all kinds of different applications, not just in bedding. If a manufacturer is going to use it as a solid core then they need to use something that has a lot of durability and offers a lot of support. If they are going to use a two-inch layer on the top, then that property isn't so important. In applications such as industrial shock absorption or as a recoil pad, completely different properties may be needed."

NEXT ISSUE

In the March/April issue of Furniture World Magazine, our Better Bedding and Mattress Sales series will continue with a look at more mattress components, gels and Latex, materials that are showing exceptional sales growth at retail.

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Simon Kaplan began life in New Jersey, 1924, son of strong, determined parents, both immigrants, his father from Russia, his mother, Poland. A World War II combat veteran at a very early age, he fought "from Belgium into Holland", and in the Battle of the Bulge where a mortar shell caught up with him. He

by Janet Holt-Johnstone

returned to New Jersey at the conclusion of hostilities and graduated from New Jersey Institute of Technology as an engineer. "But by mistake I got into the furniture business. I couldn't get a job in engineering so I joined my father in retail. We were discouraged by the riots in Newark, so we sold up and moved to Bayonne."

Simon's military service had a profound effect in forming the core values, honour, loyalty, truthfulness, commitment and dedication, that have shaped his life and his career. "That period changed my entire life. It was a short time, but it was a lifetime. We lost so many men; it made life that much more important. On a wall in my office there is a plaque commemorating 'The Band of Brothers', the 506th Parachute Infantry Regiment, 101st Airborne Division. Those men, the Band of Brothers, did not give up; they held out against the enemy." (Both a book by historian and biographer, Stephen Ambrose, and a television mini-series, record the Regiment's extraordinary service)

"Major Dick Winters, Commander and Leader of the Regiment, wrote his memoirs, 'Beyond Band of Brothers', and in it he listed his '10 Principles for Success, Leadership at the Point of the Bayonet'. He says, 'Remain humble. Don't worry about who receives the credit. Never let power or authority go to your head.' You can't let ego stand in the way of decision. Winters and Edwards Deming helped to structure my thoughts." And, earlier on, Simon had also placed value on Peter Drucker's seminal work.

Band of Brothers

"From this day to the ending of the world We shall be remember'd; We few, we happy few, we band of brothers; For he today that sheds his blood with me Shall be my brother." The title for the book and the mini-series comes from the St. Crispin's Day speech, delivered by Henry V of England before the Battle of Agincourt in Shakespeare's Henry V, Act 1V, Scene 3. A passage is quoted on the first page of the book and in the first episode of the mini-series.



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CREST FURNITURE

He first encountered Edwards Deming's concepts in the 1990s during a conversation with Jim Mcingvale of Gallery Furniture. "It was in August that Mac told me about Deming, and that he was offering a series of seminars. I phoned the number he gave me and the woman who answered told me the next lecture was scheduled for September in Charlotte, North Carolina. But, unfortunately, registration was full. I asked about the next date when there might be a space for me; it was December 15th in San Jose, California! (Remember, my business is in New Jersey!) They

Major "Dick" Winters

Leadership at the Point of the Bayonet... Ten Principles for Success

By Major Richard "Dick" Winters, Commander and Leader of WWII 506th Parachute Infantry Regiment, 101st Airborne Division.

- 1. Strive to be a leader of character, competence and courage.
- 2. Lead from the front. Say, "Follow me!" and then lead the way.
- 3. Stay in top physical shape physical stamina is the root of mental toughness.
- 4. Develop your team. If you know your people, are fair in setting realistic goals and expectations, and lead by example, you will develop teamwork.
- 5. Delegate responsibility to your subordinates and let them do their job. You can't do a good job if you don't have a chance to use your imagination and creativity.
- 6. Anticipate problems and prepare to overcome obstacles. Don't wait until you get to the top of the ridge and then make up your mind.
- 7. Remain humble. Don't worry about who receives the credit. Never let power or authority go to your head.
- 8. Take a moment of self-reflection. Look at yourself in the mirror every night and ask yourself if you did your best.
- 9. True satisfaction comes from getting the job done. The key to a successful leader is to earn respect not because of rank or position, but because you are a leader of character.
- 10. Hang tough! Never, ever, give up.

BEYOND BAND OF BENCHLER The War Mennins of Major Dick Winters MALONE BICK VINCERS BRANCE LIER BIR ALTER BIR IN ALTER sent me Deming's book, "Out of the Crisis", and a workbook, and I carried them with me on the 'plane.

"The lecture took place in a large ballroom set up with huge screens. Deming (he was about 80 years old at the time) appeared, walked to the podium and said, 'Open the book to page whatever', and then he began to read! As he started I said to myself, 'This is the busiest time of the year and here I am in California listening to this old man read!' But he talked about the 14 Points for Management, and that it's not a cookie-cutter. It's how you perceive the rules, how they can apply to your own business, how to utilize them. It was a defining moment! He didn't tell me what to do, what to think about or how it ends up. To this day every time I make a decision I reflect, 'Which point is applicable?' He said there was one goal in life and that is continuous improvement. It was an initial turning point.

"I flew back to New Jersey and we got into analyzing the 14 Points, adjusting the culture around our own business, making our own decisions relative to building the company. As time went on, we started to develop the people internally. Things slowly changed in interpretation but the basic principles still apply."

Prior to his remarkable encounter with Deming, Simon Kaplan had already founded Crest Furniture Inc. D/B/A/Value City Furniture back in 1971. Now, with seven retail locations, Value City is "the fastest growing home furnishings company in New Jersey", together with Crest Furniture's seven Ashley Home Stores.

Simon also played an active role in the formation of the Furniture Marketing Group and served as copresident, later president. FMG has grown in membership, and has become one of the largest volume fur-



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VALUE CITY

Corporate Culture

Revised: September 13, 2007

Potential employees are required to attend a meeting with Simon Kaplan to give them a personal understanding of Value City's corporate culture. They are given the booklet (pictured above) after they are hired, and must agree to adhere to the principles expressed within.

niture-buying cooperatives in the U.S.

Deming's wisdom inspired Simon to prepare a brochure based on his teaching entitled, "Value Citv Corporate Culture". On the front cover the question is asked, "What business are we in", and the corporate motto is featured, "Building Solutions for Customers by Working Together". Potential new employees attend a meeting with Simon to discuss the organization's core principles. Once hired, they are given a copy of the Corporate Culture booklet and must agree to adhere to its expressed principles.

Contents of the brochure include Simon's interpretation of "Deming's 14 Points" and a clear and in-depth definition of each of the 14 Points; a description of what it takes to be a Value City Furniture Retail Executive (attitude/performance/skills); "The Art of Getting Along" and the last, and vital page, "CANI --- Constant and Never-Ending Improvement".

Simon sees himself as, "A cheerleader, a mentor", and he gives his

W. Edwards Demming

14 Points for Management as utilized in Value City Furniture's Corporate Culture booklet.

- 1. Create constancy of purpose for the improvement of product and service.
- 2. Adopt the new philosophy.
- 3. Cease dependence on mass inspection.
- 4. End the practice of awarding business on the basis of price tag alone.
- 5. Improve constantly and forever the system of production and service.
- 6. Institute training and retraining.
- 7. Institute leadership.
- 8. Drive out fear so that everyone may work effectively.
- 9. Break down barriers between staff areas.
- 10. Eliminate slogans, exhortations and targets for the work force.
- 11. Eliminate numerical quotas.
- 12. Remove barriers to pride of workmanship.
- 13. Institute a vigorous program of education and self-improvement.
- 14. Take action to accomplish the transformation.

people a real chance to grow from within. "These policies have been more successful than I ever dreamed. Understanding that to grow you must help people to develop is a long process, plus understanding that change has to come from you as well. In the beginning, you think you have to micro-manage, but you have to give it up and learn to lead. You must begin at the beginning, start to hire people, start to get a little bigger, recognizing you must have outside help. No one person is that smart. 'No man is an island'! This is life, as relative to retail as it is to yourself, understanding that people have to seize opportunity to make change. When you've adopted this principle and you begin to make progress, you also begin to get the best from each individual.

"There are three factors in a business, the customer, the employee and the system under which the employee works. If you enhance the system you do better for the employee and then the customer. And remember that 80 per cent of everything that happens is due to system not the employees. If the employee cannot work the system, don't chastise the employee, until you look at the system first.

W. EDWARDS

DEMING

THE CRISIS

Said Simon, "If you give someone direction they will forget. But if you put it in the form of a story, they will remember what you say. I always try to tell a story."

"We hold meetings with our drivers, the majority of whom are Spanish. I understood that one of them was grumbling, he wanted to make more




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The Art Of Getting Along

From Value City's Corporate Culture booklet.

Sooner or later a man if he is wise, discovers that life is a mixture of good days and bad, victory and defeat, give and take.

He learns that it doesn't pay to be too sensitive a soul: that he should let some things go over his head like water off a duck's back.

He learns that he who loses his temper usually loses out.

He learns that all men have burnt toast for breakfast now and then, and that he shouldn't take the other fellow's grouch too seriously.

He learns that carrying a chip on his shoulder is the easiest way to get into a fight.

He learns that the quickest way to become unpopular is to carry tales and gossip about others.

He learns that buck-passing always turns out to be a boomerang, and it never pays.

He comes to realize that the business could run perfectly well without him.

He learns that it doesn't matter so much who gets the credit as long as the business benefits.

He learns that even a janitor is human and that it does no harm to say "Good evening!" even if it is raining. He learns that most of the other fellows are as ambitious as he, that they have brains as good or better, and that hard work, not cleverness, is the secret of success.

He learns to sympathize with the youngster coming into the business, because he remembers how bewildered he was when he first started out.

He learns not to worry when he loses an order, because experience has shown that if he always gives his best, his average will break pretty well.

He learns that no man ever got to first base alone and that it is only through cooperative effort that we move on to better things.

He learns that bosses are not monsters, trying to get the last ounce of work out of him, but that they are usually pretty good fellows who have succeeded through hard work and who want to do the right thing.

He learns that folks are not any harder to get along with in one place than in another, and that "Getting Along" depends about ninety-eight percent on his own behavior.

money. I told him, 'I want to double your salary!' He asked, 'Are you going to pay us more for deliveries?' I said, 'I'm going to show you how to double your salary. You already do what is necessary to meet the customers' expectations, delivery on time, etc. You have to EXCEED the customers' expectations, by doing something unique! I told him to come back next week and tell me his story. The following week he raised his hand and told me this: 'I came to this customer's house and she had a long driveway... and the snow was up to my knees. I said to her, I have to make this delivery, so give me a shovel so I can clean your driveway. She gave me a tip. And then she gave me \$85 for shoveling her driveway!'

"Running the business is basically effectiveness in how you buy and how you sell." He chuckled, "Two things can kill you in business, not enough business and too much business! And it's necessary to know the difference between cash flow and profitability. Without cash flow you can't operate. Cash flow has to be used for the good of the business --- pay your bills and pay on time. The bottom line, integrity and honesty, you will be known as someone who can be trusted.

"Money is something that should be reinvested in the business for the good of all, to make the business better so people are able to do better. It enhances the business so everything profits from the enhancements.

"And you have to come up with necessary information all along the line so people can change effectively. Time is vital. But you've got to be careful; when you make decisions, don't louse it up! Get the whole picture in front of you because one thing affects another.

"People will sometimes tell you that you are good, and you know that you seem to be getting customers on an ongoing basis. Don't let it go to your head. That's just when you've got to remember to be competition to yourself. What is competition? Look in the mirror! A professional is a person who gathers information and makes use of it. You can only get better if you get better, not if your competition gets worse.

"We are obsessed with solving problems immediately, even if there is a cost involved. This concept, by the way, was found in the book, 'Customers for Life: How to Turn That One-Time Buyer into a Lifetime Customer', by Carl Sewell.

"As you know, we experienced a devastating hurricane in New Jersey. A customer came in, carrying her extended warranty from a previous purchase. She said, 'I want you to

CREST FURNITURE

give me new furniture to compensate for my loss during the hurricane. I'm going to sue you if you don't!' Of course her furniture was not covered by natural causes, and we would have been 100 per cent correct in refusing her demand, but we gave her new furniture. Why? The publicity was worth more than the cost of the furniture. And just think what the legal costs would have been! Now she'll be a customer for life."

Simon also spoke about his wife Annett, advertising at Value City and the company's charitable footprint.

"Annett is a perfectionist with colour, a micro-manager. She is still active in the business and has studied over the years. Annett has the ability to see how colours complement one another, extremely valuable in the retail business.

"Advertising at Value City," he continued, "is very aggressive. We use everything under the sun from tech-

"There are three factors in a business, the customer, the employee and the system under which the employee works. If you enhance the system you do better for the employee and then the customer." nology to print to radio to television. We don't sell online. We're not quite set up for the Internet yet."

He believes in giving back to the communities where Crest Furniture operates. "It's very important to make a contribution to the community around you. We give a lot of money, gift certificates, donations and merchandise but internally I take care of my own people, too, if someone comes in with a hard luck story. I gave to the man who does the cleaning in the parking lot. I asked, 'What's your problem?' He said, 'I have to move and I don't have the money for the first month's rent as well as the deposit.' I gave him the money. People think I'm a little too free. But I can't drive two cars at once and I've lived in the same house for 55 years. Last year I changed my car; it was 13 1/2 years old. I must give as much as I get."

Simon's war service is even now top of his mind, a daily influence. Many of his Value City executive team are WWII veterans, "Still working

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because, like me, they like what they do. It's a very selfish reason. We are able to contribute, and it's very important for your ego to contribute! People used to say years ago that if you hadn't fought in WWII we wouldn't hire you. But unfortunately it's a shrinking volume, and continuing to shrink."

Yet, he doesn't dwell on the past. Instead he is focused on continually improving the business. "In the last couple of years we've undertaken to enter into lean management. We have a person who understands how to oversee problems and work along the same lines as 'The Toyota Way' (a Deming-inspired Japanese corporation). This person was promoted from within; we brought in an outside company to teach him how to do it. If you want to play tennis, play with someone better than you!"

He's been recognized by many associations for his work and his philanthropy, amongst them the Metropolitan Furnishings Association

CANI

Constant And Never-Ending Improvement From the Value City Corporate Culture booklet.

- As leaders of our organization.
 - commit to CANI !
- We need to be constantly driving improvements every day. - not only to ourselves, but also to our employees and processes.
- Each day, our improvements do not need to be extraordinary. - strive to end each day a little better than the day before.
- For changes to be of true value, they have to be lasting and consistent.
- And finally, work and live with passion!

of New Jersey and the FMG for his leadership. He was recently honored by City of Hope, as "Man of the Year" by the Greater New York Home Furnishings Association, and "Greatest Employer Award" from his own team of associates. He participated in a campaign through FMG to raise more than \$80,000 to support High Point University, and gave both time and energy to help out the City of Hope.

In 1988, Deming noted that the word "joy" was found twice in the Book of Ecclesiastes as, "joy in labour". He had used the phrase "pride in work" previously in his writing. He amended his commentary. It's plain to see that Simon Kaplan has also found joy in his enterprises.

"It's about the process, good management, leading, mentoring, growing and improving continuously."

"Two things can kill you in business, not enough business and too much business! And it's necessary to know the difference between cash flow and profitability."

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SLEEP TRAIN

With more than 180 stores and a passion for helping foster kids, Sleep Train and Sleep Country USA make a difference by staying focused.

urniture World Magazine has profiled a number of charitable initiatives undertaken by furniture retailers, manufacturers and organizations in recent issues. This time we look at the Sleep Train Foster Kids Program created by the employee owned company to assist the more than 60,000 children living in foster care in California.

Sleep Train was founded on the principal that success is not only measured by the bottom line, but by an active commitment company-wide to give back to the local community.



Since its beginning, Sleep Train has engaged in philanthropic programs that provide at-risk youth with important material items, including beds and educational financial aid.

"Our people feel great about helping out in their communities. They also get to interact with each other in a way that isn't possible on the sales floor or in the warehouse."

In 2008, Sleep Train focused its charitable efforts with the formation of the Sleep Train Foster Kids Program. The program hosts six annual drives to collect basic material items that children outgrow including clothing, school supplies, shoes, and pajamas. It also donates toys/gifts during the holidays, and funds for extracurricular activities. Sleep Train has partnered with nearly 30 non-profit foster organizations throughout California to distribute these donations to foster children.

The company also hosts the Sleep Train Charity Golf Classic, which has raised over \$2 million since its inception in 2007. Cash raised at the event provides foster children with the opportunity to participate in a sport, take music lessons or attend summer camp. Golf Classic funds also support emancipated foster youth who wish to further their education through programs such as Guardian Scholars, providing tuition, textbooks and emergency funds. Sleep Train has also supported non-profit organizations that provide independent living skills and transitional housing programs for foster children.

Sleep Country USA, owned by Sleep

Sleep Train's Golf Tournament group photo from this year. Each year has a theme, this year's was "The 80s." At left, a local Girl Scout troop collects donations for foster kids.

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Train, has an active Foster Kids Program in Washington, Oregon, and Idaho serving the region's nearly 20,000 foster children through partnerships with 24 area foster care nonprofits. Sleep Country holds an annual fundraiser, the Pajama Bowl, that has raised more than \$600,000 in cash for foster kids via bowling events in Seattle and Portland. One hundred percent of participant donations in the Pajama Bowl are given to regional foster organizations to support their "Little Wishes" programs, enabling foster children to participate in extracurricular activities.

With more than 180 stores, Sleep Train and Sleep Country makes a difference in the lives of foster children. The programs' motto, "Not everyone can be a foster parent, everyone can help a child[™]" serves as an inspirational message for all.

Furniture World asked Gina Davis,

director of branding for Sleep Train to provide additional information about the program.

Question: Why foster children?

Answer: The children placed in foster care face challenges that few of us can imagine, sometimes escaping neglect, abuse and abandonment only to face a childhood of loneliness, frequent moves, setbacks in school, and an uncertain future. Recognizing

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"Employees can donate two paid work days to any charitable cause. It doesn't have be foster kids related."

the important needs of these children, we established a program that educates the community about their plight while providing a simple way for them to give back.

Question: How do you get people in the communities you serve to get involved?

Answer: Both companies carve out 10% of their advertising and marketing budgets to raise awareness about the needs of foster children through a combined public and grassroots communication effort, using diverse channels, including traditional television and radio ads; postcard mailings to local companies and organizations to encourage their support; and social media efforts to touch the influential online community of givers. We also require media outlets to give back 20% in foster kids drive awareness advertisements. The companies utilize an extensive public relations program to reach key media and spread the word about donation drives and events. The goal of these efforts is to relay the needs of foster children and create support in the hearts and minds of people in the communities Sleep Country and Sleep Train serves.

Q: How does this program benefit your business?

Answer: Our main goal is to make a big difference in the lives of foster children, but we are also a business. So, we do want to bring people into our stores and get them comfortable with



our brand. Good advertising is the key to achieving both of these goals.

Q: Do you encourage your employees to donate their own time to help out?

Answer: Employee involvement is heavily encouraged. Sleep Country and Sleep Train's employee-owners actively donate to the foster care cause through volunteer hours at annual fundraising events, by providing assistance to foster care partners, assisting at foster care organization events, purchasing donations with funds gathered online, and sorting, counting and distributing donations.

They can donate two paid work days to any charitable cause. It doesn't have to be foster kids related, though a good portion do give their time to help foster children. Certain employees support the program as part of their job descriptions. Others have decided to give their free time to help foster kids. They may hold a coat drive with friends, sort donations or help out at one of the non-profit locations. There are many different ways for our people to get involved.

There is a competitive aspect as well. Our salespeople compete to see who can raise the most money for the Dollar Drive or collect the most coats It's great to get sales people involved in not only selling what we sell, but also in making a difference in the lives of the community at large.

Question: How do you feel it has impacted your employee culture?

Answer: The program has become the heart of our organization. It gives us all a common goal. "So easy to use, it's brainless!" Best Furniture Point of Sale Software

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1731 Treyborne Circle, Commerce, MI 48390 www.CustomDesignSoftware.net • Jerryk@CustomDesignSoftware.net A community member dropping off shoe donations at a Sleep Country store.

Below, Sleep Country's Director of Branding, Gina Davis, with local TV personality Penny LeGate in a Sleep Country store with toy drive donations.

We've found that local community involvement is a great team-building and bonding tool. Our people feel great about helping out in their communities. They also get to interact with each other in a way that isn't possible on the sales floor or in the warehouse. The result is better working environments and better relationships. They inspire each other to take initiatives on their own and, we've seen the positive effects grow year after year, quarter after quarter.

Commitment to its community gives Sleep Train and Sleep Country employees the opportunity to have a successful career while working for a company that makes a tremendous effort to give back. Through the Foster Kids Programs, employees have the opportunity to engage others to support the cause, take paid time off to volunteer, and participate in fun, charitable events. Both companies have been recognized by regional business journals and metropolitan magazines as a 'Best Place to Work' and the Foster Kids Programs are a large factor in driving employee satisfaction.

Question: You invite other companies to get involved too. How?

Answer: Sleep Country and Sleep Train provide an easy way for other companies to make a difference in the lives of foster children in their communities through our "Host-A-Drive" programs. Businesses that host their own donation drives are provided with detailed guidance, signage, email and social media correspondence, and coordinated pick-up of sizeable donations by company employees.

Question: How do you handle the logistics of the program?

Answer: To accomplish this, Sleep Country and Sleep Train employ a







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SLEEP TRAIN

dedicated community relations specialist to focus on managing and executing the Foster Kids Programs in their regions. From the extensive planning involved with drives and key events, including the Pajama Bowl and Charity Golf Tournament, to tracking and scheduling the delivery of donated items to foster care partners, and even conducting interviews



and speaking at community awareness and/or awards ceremonies, these employees are wholly dedicated to the success of the program. They also actively engage with each nonprofit foster care partner throughout the year, meeting with them to assess their needs, distribute funds from fundraising events, strategize on how to best leverage the company's assistance within each organization, and encourage their participation to improve overall program results.

Question: Have the Foster Kids Programs been recognized by the community?

Answer: Both Sleep Train and Sleep Country have been honored by their communities for this work. Sleep Train's notable awards include the prestigious Daily Point of Light Award by the Points of Light Institute, the Volunteer Spirit Award for Corporate Volunteerism by the Volunteer Center of Sacramento, Outstanding Grantmaker by the Sacramento Chapter of the Association of

"Sleep Train's employee owners can donate two paid work days to any charitable cause. It doesn't have to be foster kids related, though a good portion of our staff give their time to help foster children." Being portable for sales, inventory or business analytics is key for any Home Furnishings retailer. Using a PC, tablet or smart phone to work inside or outside of your store is critical in this day and age of technology.

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Sleep Country staff and volunteers at Pajama Bowl (left). Also, the 'AlleyGators' Pajama Bowl team at this year's Sleep Country Pajama Bowl.

Fundraising Professionals, a Partners in Philanthropy Honoree in the large company category by the Sacramento Business Journal, and a Healthy Community Corporate Champion in the Basic Needs category by the Puget Sound Business Journal. Plus we were named on the Puget Sound Business Journal and The Seattle Foundation's Top 75 Corporate Philanthropists Lists, and received the Treehouse Community Partner of the Year Award.

Also, the president and founder of Sleep Train, Dale Carlsen, has been recognized personally and professionally for his community support throughout the company's history. Question: Do you also give directly to foster families?

Answer: We rely on our partner organizations because they already have access to foster parents. They license them, place children in some cases, and are already helping to train them. They are in a better position to decide which children have a greater need for the items we provide. Some also have stores set up to provide foster families with items including those we've donated.

We make sure that we have a nonprofit partner in every area where we do business so that our donations stay local. Some of our partners are small or medium sized non-profits, some are large, but they're all licensed 501(c)(3)'s that meet our guidelines, have insurance, and are legitimate charities focused on foster children.

Q: Why did you decide to focus your charitable efforts on just one cause?

Answer: It's hard to make a big impact when your giving is all over the board. You make a little difference here, a little difference there. We decided to take all of our strengths including our size and significant advertising power to expand the program. So, over time consumers got to know what we are doing and every year more people get involved. We've seen double-digit increases across most years.

Q: What advice do you have for Furniture World readers that want to re-imagine their charitable giving program.

Answer: My recommendation is to look for a cause that deserves attention and that nobody else is talking about. A major key to success is creating a simple message. Sleep Train's message about foster children is very easy for our employees and customers to understand. Asking for coats, clothing, and shoes is very easy to understand as well. The more complicated the message, the longer it's going to take you to get any kind of recognition or for people to remember it.

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DREAM TEAM

Part 4: Wowing The Crowd by providing exceptional customer service.

Previous installments in this series of articles examined how today's competitive sales environment and constricted economy have impacted retail profits. Given these conditions, if you want to achieve a competitive edge, you should consider developing a strategy to staff your store with a team of experts who are the best in the industry. My suggestion is to build a Dream Team that is proficient in the three skills necessary to excel at sales:

- Mastering the fundamentals (product knowledge).
- Being a team player.

Product

• "Wowing" the crowd (customer service skills).

If you missed previous articles in this series, article links can be found at http://furninfo.com/Series/Gingrich. In this segment

invine The Crowd

by Rene' Johnston-Gingrich

we'll focus on the importance of providing exceptional customer service or, what I call, "Wowing the Crowd".

From the onset, establish store values that demonstrate the importance of providing exceptional service. Your store's leadership must demonstrate commitment to this level of service. What we are talking about here is not garden variety customer service. You simply cannot expect team members to provide this superior level of service unless you hire exceptional candidates, train them to be the best and, reinforce the importance of superior customer service by modeling it.

Demonstrate your philosophy of consistently going above and beyond average customer service by exceeding your customers' expectations. There are two key ways you can position your team to offer superior customer service. The first is by mastering the art of comprehensive communication. The second is offering something that is not offered elsewhere. An excellent way to

Fun Teamwork do this is by creating a sales team that has an understanding of design fundamentals so that they have the capacity to be truly responsive to today's design-oriented customer.

COMPREHENSIVE COMMUNICATION

Let's begin by discussing the importance of communication skills. Expert sales professionals are completely tuned into their customers. This means that they consistently practice all the elements of comprehensive communication including listening, acknowledging and delivering the right solution in response to customer's inquiries and desires.

Commitment to communication means being focused on each customer with full attention. Full attention is difficult or impossible in retail environments where there are frequent distractions. In the November/ December issue we discussed how high functioning teams take steps to eliminate the possibility of drama and distractions.

"The 'S O G O G V' acronym is a useful tool for sales associates who need to attend to the basics of body language. "



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"Commitment to communication means being focused on each customer with full attention."

When working with a customer, it is also essential for sales staff to have a working knowledge of communication styles. One of the most fundamental concepts of effective communication in the work environment and one that was discussed in the Product Knowledge segment of this seres, is making certain that the sales message is "customer-oriented". This means not only communicating what is most important to customers, but also actively listening and communicating it in a way that he or she will best understand.

Coach Sales Professionals to leverage their listening skills. Exercises for improving this skill can be incorporated into meetings. The importance of actively listening should also be made evident by management and leadership behaviors. Customers respond to being heard and they reward sales professionals and the store with loyalty and repeat business.

Part of ensuring the delivery of a customer-oriented message is an acute awareness of non-verbal communication. This is another aspect of giving full attention to each customer. For each and every customer interaction sales associates should ask the following questions.

- What is the body language and tone the customer is communicating?
- Am I responding appropriately to the customer's body language?
- What is my personal demeanor adding to the exchange?

For example, if a customer is speak-

ing quickly, moving quickly and gesticulating wildly, the sales professional will want to mirror the pace and intensity of those customers actions. Conversely, if the customer is more deliberate in his or her speech patterns and physical movements, the sales professional will need to adjust accordingly. Communication is most successful when the parties involved perceive each other as relatable or similar. Multiple web sites, books and professional workshops exploring this topic are easily found for incorporation into vour sales education efforts.

The "SOFTEN" acronym is a useful tool for sales associates who need to attend to the basics of body language. I would love to credit the source but, for as long as it has been in my repertoire, I have never found the author. It is a great jumping off point for some constructive discussion.

SOFTEN

Non-Verbal Communication Tips

Smile: A smile shows you are friendly and open to communication.

Open Arms: Crossed arms say "stay away" and "my mind is made up." Open arms say "I'm available for contact and willing to listen. Come on over and talk to me."

Forward Lean: Leaning forward slightly while another person is talking to you indicates interest on your part and shows you are listening. Take care not to violate someone's "personal space" by getting too close, too soon. Be sensitive to their body language.

Hitude

Tone: Pay special attention to the sound of your voice. Is the sound of your voice reinforcing the message you want to send? For example is your tone accurately portraying the enthusiasm or the seriousness your words should convey?

Eye Contact: Eye contact is the strongest non-verbal message. This indicates you are listening and interested in what they have to say. A fixed stare will be counterproductive while failure to make good eye contact can give the impression that you are uninterested or even dishonest.

Nod: A nod of your head indicates you are listening and understand what is being said. It sends a message: "I hear you, go on!"

DESIGN SKILLS

The second element I include in this upper echelon of customer service is Design Skills. Today's furniture customers have high expectations and are design-oriented. They are reading design magazines, watching HGTV, and scrolling through Houzz and Pinterest. Even customers that are unlikely to hire an interior designer are always looking for design guid-



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"You cannot expect team members to provide this superior level of

team members to provide this superior level of service unless you hire exceptional candidates, train them to be the best and reinforce the absolute importance of superior customer service by modeling it."

ance when it comes to making purchases for their homes. We are fortunate that in the furniture industry today, style is available at every pricepoint.

As discussed in the initial segment, exposure to fundamental design principles will boost the confidence level of your sales team and allow them to be much more responsive to customer needs. Design savvy sales professionals can help guide customers to good design and to make purchasing decisions beyond the sofa or the vignette as it is shown on the showroom floor.

Connecting with customers through design is a great way to deliver a personalized level of service and cement relationships. It's not hard to exceed your customers' expectations if you can provide decorating advice as well as complete design solutions for their rooms. Again, this will greatly increase the average sale, closing rates and generate significant referral business.

There are a variety of ways to incorporate Design Skills training into your sales environment. Here are 5 specific suggestions.

- Hire a Specialized Training Firm to provide on-site services.
- Utilize your interior design staff. If you have someone on staff with interior design training, make him or her responsible for helping to educate the rest of your team.
- Encourage Sales Professionals to take courses, read design magazines and watch design-oriented programs.

- Incorporate design-oriented education into the structure of weekly sales meetings.
- Involve manufacturers' representatives. Invite them to share current trend and/or company information.

CONCLUDING THOUGHTS

I challenge you to consider the overall experience from your customers' perspective. What do they experience from the moment they drive up to the time they walk out your door?

If you truly want your business to succeed and exceed expectations it's important to design, develop, and deliver a customer focused experience. When you aspire to over deliver and exceed expectations, your cus-



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DREAM TEAM

tomers will become fans of your business and spread the word. Businesses that uphold the tradition of excellence in service not only stand apart from the competition, they earn customer loyalty and outshine their competitors, translating into increased revenue.

Your sales team is not much different than any sports team that wants to win. They need coaching to achieve continuous improvement. So, coach your team. Teach them the fundamentals. Set the conditions for them to become team players. Only then can your retail operation continually "wow" the crowd. These efforts have to be supported by a solid sales process as well as leadership that models the desired behavior and reflects the values of your organization. These efforts also require a commitment to ongoing education.

Furniture retailers ask a lot from their sales professionals. Managers must, therefore, ask much of themselves. The towering sporting franchises have a lot in common with the best retail brands. To achieve greatness, each must apply relentless recruiting, superior managing, patient effort and inspired coaching. For those who have the desire to be great and the guts to go forward in the face of tough market conditions and competitive challenges, the rewards can be huge in terms of profitability as well as creating a better work experience for yourself, your employees and customers.

ADDITIONAL BODY LANGUAGE RESOURCES

1. The Definitive Book of Body Language by Barbara Pease.

2. What Every BODY is Saying: An Ex-FBI Agent's Guide to Speed-Reading People, by Marvin Karlins.

3. The Power of Body Language: How to Succeed in Every Business and Social Encounter, by Tonya Reiman.

4. Body Language For Dummies, by Elizabeth Kuhnke.

5. Body Language 101: The Ultimate Guide to Knowing When People Are Lying, How They Are Feeling, What They Are Thinking, and More, by David Lambert. 6. The Secret Language of Business: How to Read Anyone in 3 Seconds or Less, by Kevin Hogan.

About Rene' Johnston-Gingrich: Rene' Johnston-Gingrich is Vice President of Training Development for the Profitability Consulting Group, specializing in delivering the programs Design Trac: Design Skills for Retail Sales People and Sales Trac III: In Home Selling. Rene' has owned and operated an interior design firm for 17 years and now works with organizations to ensure they have the best possible team environment.

She served as a regular columnist for The Lewiston Tribune Business Profile and is an adjunct faculty member of Lewis-Clark State College's Business Division. Rene' has a Bachelor of Fine Arts Degree in Interior Planning and Design and a Master's Degree in Adult Education and Human Resource Development. Questions about this article or any sales/design topic can be directed to her at reneg@furninfo.com or call her direct at 208-790-3594.

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absolutely blown away! For the first three days customers poured into our store and sales were beyond our wildest expectations! I am writing this on the fourth day of the sale and already our 7000 square foot store in a rural town of 1200 people has grossed over \$90,000. 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

• NOTE: Dave and Alisha continued their blistering sales pace. When their eight-week sale ended on Thursday, May 8, 2012, they had achieved sales of \$573,000, with an advertising cost of under 5%. To my knowledge, this is the largest sustained volume of home furnishings per square foot recorded in recent history. Larry Mullins

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