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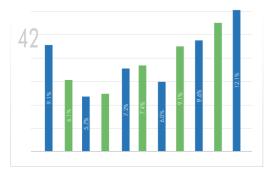












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FURNITURE WORLD MAGAZINE • FOUNDED 1870

COVER: With torrents of abstract blue and grey on a sleek ivory field, this Twilight Collection rug from Nourison makes a distinctive painterly statement. The low-cut pile features luxurious texture with wool and Luxcelle™ fibers that create a tempting silky surface, with a hint of glistening accents. For more information see pages 18-19 in this issue or visit www.nourison.com.

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Member BPA

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EDITOR'S CORNER



Winnie-the-Pooh, Lael Thompson, and Things that seem Thingish

hen you are a Bear of Very Little Brain," wrote A.A. Milne, author of Winnie-the-Pooh, "and you Think of Things, you find sometimes that a Thing which seemed very Thingish inside you is quite different when it gets out into the open and has other people looking at it."

As a reader of Furniture World Magazine, when you think of home furnishings, perhaps one of the Thingish Things inside you is deep emotional connection with design and a desire to bring feelings of comfort and joy to your customers.

But when those ideas get out into the open and have other people looking at them, they may look more like price-item advertising, easy financing and sale, sale, sale!

Recently, I ran into retailer Lael Thompson, chief operations officer, Broyhill Home Collections (Denver) at an HFA NextGen event at the Bienenstock Furniture Library. Lael cornered me near the rare book room, and asked me the question, "Can you remember the furniture in your childhood room? The wood, the colors, how it made you feel then, and how it makes you feel now once your attention is brought back to it? And, the answer was, "Yes, of course I remember, now that you asked."

Chances are it's been a while since most people have thought about the emotional connection furnishings provide. Lael said he thinks that's a shame because the emotional Things that seem Thingish, are what consumers should be thinking about when buying furniture. It should also be what manufacturers, retailers and publications should be taking and writing about.

He said we talk about products, about price and lifestyle. But, the real power of our message is memory and feeling. It's a power fueled by what it feels like to live your life and the role that furniture plays in making memories.

So, if you find yourself feeling bearish, in need of inspiration, send me an email and I will send you back Lael's contact information.

Best wishes for a happy, healthy and emotionally rewarding holiday season!

Russell Bienenstock Editorial Director/CEO russ@furninfo.com







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UNCERTAINTY 2019

by David McMahon - PROFIT consulting

ownturns can be times of opportunity. We may see one coming our way in months or a couple of years. Either way, it's best to prepare for uncertain economic times.

There are signs that the U.S. economy has topped out. The unemployment rate is at a low, the Fed has commenced a series of rate hikes, the stock market is volatile, and the housing market has started to decline. These signs, nine years since the great recession, along with geo-political elements at play, suggest to me that an economic decline is imminent. It may start in months or a couple years from now, but it will happen.

I don't bring this up to worry Furniture World's readers. It is to urge them to pay extra attention to certain signs in their businesses and take action to prepare for economic uncertainty.

Downturns can be times of opportunity for furniture retailers. Following recessions, smart businesses often end up in the strongest competitive positions. For example, in the recession of 2007-2009, furniture retailers that made good choices and outlasted failing competitors, inherited customers, strong employees and superior suppliers.

What To Look At

Studying key performance indicators (KPI's) is always important. It is the business equivalent of a doctor checking a patient's vital signs. In the macro-economy a recession is defined as two consecutive quarters of negative GDP growth. In the stock market, a correction is defined as a negative move of over 10 percent from a recent high. With these definitions in mind, look for consecutive periods of negative results for the following three KPI's: Traffic, Average Sale, and Inventory to Sales.

KPI #1: Traffic

In-Store Traffic: Digital traffic counting is the ultimate unbiased measure of growth and decline. As an analyst, I make a point of not accepting what any retail executive says regarding their store's traffic numbers. That's because traffic numbers, to be accurate, must be measured via visual computer analytics.



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Assuming you have technology in place to measure traffic accurately, first chart monthly traffic for the prior rolling 12 months.

The first part of the selling equation is traffic (traffic x average sale x conversion rate). If you find that you experience growing or flat traffic from one month to the next, you don't need to worry yet about a recession impacting your business. If, however, traffic declines over several periods. your business may be experiencing recessionary pressures. These may result from a variety of internal and/or external sources such as:

 Internal, controllable traffic reductions such as irrelevant marketing or poor customer experience.

•External, non-controllable factors such as competition or political-economical circumstances.

Either way, when consumers are insecure about shopping, traffic declines over time.

If you want a measure that factors out monthly traffic peaks and valleys, figure your monthly average traffic for the prior three month period. If your traffic was 2,000 people in September, 2,100 in October, and 1,800 in November, your average monthly traffic would be 1,967=2,000+2100+1,800/3. It's also a good idea to average the prior three month period to avoid knee-jerk reactions based on emotion. If the trend line continues to fall

over two quarters, your business may be experiencing recessionary forces.

It is also a good idea to compare your current year's traffic chart with numbers by month for the previous year. The main purpose of this is to eliminate any seasonal business factors.

During the last recession, traffic counters were less common. As a result, businesses were slow to act, with many disastrous consequences. Traffic counting technology is a huge advantage that smart businesses can easily put in place today.

Website Traffic: Many businesses are experiencing natural in-store traffic declines due to increased website use. For this reason, perform the same calculations for your website. If your media strategy has not changed, and you are experiencing continual declines you may be facing recessionary pressures.

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KPI #2: Average Sale

Your average sale is an indicator of how much a typical customer spends. Given a consistently performing sales force this number should not decrease from month to month. Any single month, however, may vary. That's why, just like you did for your traffic numbers, the average sale metric should be tracked over the past 12-month period and compared with previous years. Also calculate your average for the past three months, and compare that with the same period in the previous year.

Low traffic numbers may be offset by a higher average sale metric or improved conversion rates. The time to really take notice is when both traffic and average sale numbers are in decline. If this is your situation, your business is in recession and it's time to take action.

KPI #3: Inventory

Over-inventory is an indicator and also a bi-product of recessionary pressures.

There is a time lag between when products are purchased and

delivered. Purchases made just before a business slow-down can cause inventories to sling-shot up as a percent of sales, resulting in cash shortages.

Calculate inventory dollars divided by written sales volume each month for the prior 12 months. If you see consistent increases without any changes in standard purchasing practices, your sales are likely at levels that do not support your current inventory levels.

Defensive Actions

If all three of the above KPIs for your operation point in an adverse direction for two consecutive quarters, and you experience an over 10 percent decline in written sales volume, your business is in recession and fast corrective, defensive actions should be considered.

All successful multi-generational businesses have weathered one or more recessions. Some do it better than others. Following are some actions furnishings businesses should consider, depending on the unique situation, to sail through turbulent waters, come out healthy and ready to thrive.

Think Fast: Closely tracking the important KPIs will have no effect on your business. Taking informed action will! This is true for any economic condition and for all businesses. Owners and managers who make fast, educated decisions, come out ahead. They are the market leaders. Those who are indecisive and slow, become market laggards.

Limit Vendors: Become more important to fewer suppliers. This can set you up to potentially get better rates and benefit from a streamlined supply chain. Your

"Employee cost typically makes up around 20 percent of sales. If sales take a consistent downturn, your comfortable percent of spend must remain constant to retain profitability."



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inventory will go up per supplier, but down, overall.

Buy Slow: If your business is in recession re-buy items based on written rates of sales.

Renegotiate Rent: Whatever you pay for rent, when traffic and volume per customer declines, your space is simply not worth as much. Although re-negotiation mid-lease is not always possible, it is worth a try. Some landlords will make accommodations regarding this monthly expense. Ideally, your landlord will act like

"If your worst case sales volume is \$2.5 Million, occupancy should be under \$250,000 for the same period."

a partner in your business. But, even a tough one may realize that it's in their best interest to work with you since it can be hard to re-rent in a slowing economy.

Shed Weakness: Employee cost typically makes up around 20 percent of sales. If sales take a consistent downturn, your comfortable percent of spend must remain constant to retain profitability. Keep your top performing people. Weak performers in all departments will normally need to be removed.

Double Follow-Up: Should your traffic wane, it's a good strategy to significantly grow follow-up efforts to your existing customer base. Also consider upscaling prospecting in a way appropriate to the current state of your business.

Increase Margins: It is good idea in any economic situation to grow margins. If sales trend down due to factors that have nothing to do with pricing, you can augment profitability and decrease your break-even point.

Adjust Advertising: If your current level of advertising spend is not producing the same traffic, do not increase it. Consider advertisina expense as a variable expense when sales decline and a fixed expense when sales grow.

Trim Operating Costs: At least once per year, perform a detailed review of operating expenses. Classify each expense as: critical, highly beneficial, optional or wasteful. Fliminate waste immediately. Reduce optional expenses that have a vague return of value. Renegotiate when possible.

Reduce Square Footage: If possible, consider subleasing portions of buildings and shuttering surplus space altogether.

Refine Selling Systems: Take a close look at the ways you sell so you can become ever-more efficient and effective with each sales opportunity. It is possible to increase revenue per quest (traffic) even when traffic declines.



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"Consider using a

bottom-up budgeting approach. This puts profit first, rather than sales, generally a more conservative approach."

Keep Cash: If you expect a downturn, leave profit in the business that would normally be distributed.

Keep Net Income Goals The Same: Consider using a bottom-up budgeting approach. This puts profit first, rather than sales. The approach starts with the dollar profit necessary to maintain a healthy business. Then figure out the expenses, margins and sales levels necessary to produce that profit. It is generally a more conservative approach to budgeting using prior year's sales volume.

Expand: If you have an aggressive business model and are committed to expanding, your most important consideration should be occupancy cost for the best location. Only do a deal on a retail space if it is in a highly desirable location and the allin occupancy cost is under 10 percent of the worst case sales volume in a recessionary period. Otherwise, walk away! If your worst case sales volume is \$2.5 million, occupancy should be under \$250,000 for the same period. In this way you should be able to weather any economic storm, afford good people, market properly, and make some nice profits when good times return.

Conclusion

Track the key performance indicators, Traffic, Average Sale, and Inventory to Sales. Then take fast and appropriate action. Doing this will boost your competitive advantage and keep your business healthy and prosperous in tough times and beyond.

About David McMahon: David McMahon is VP of Professional Services at PROFITsystems, a HighJump Company. He Certified as a Supply Chain Professional, Management Accountant, and Kaizen Facilitator. David directs 5 performance groups, the Kaizen, Visionary, Gladiator, TopLine Sales Managers, and the LEAN DC Ops group as well as multiple consulting projects. He can be reached with questions at david. mcmahon@highjump.com.

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RETAIL TOOLBOX

OPEN IT UP FOR 2019

by Gordon Hecht

even retail tools you should take out of your tool box to make sure physical assets, policies and procedures can do a good job for you in 2019.

I freely admit that I am not the handiest person when it comes to home repairs or improvements. Sure, I have a lot of tools, and my neighbors love to borrow them. They often tell me my tools look like brand new. Some are even in the factory wrap! That's probably because when it comes to repairs, the hardest working tool in my tool box is my Visa Card.

You probably already know that having a brick and mortar store is like owning a house. You have to constantly clean, paint, dust, replace flooring, and generally keep the physical structure in good shape so it doesn't lose value. The same can be said for your business in its entirety. Non-physical assets and functions have to be maintained, too. These include your sales process, advertising, customer service, phone greeting, and even your website.

Sales Process Tools: It's easy to get in a rut with your sales process. Retail is often referred as a numbers game, meaning that if you don't close

the customer in front of you, there will probably be one right behind them! That was true 30 years ago, and still true today — except for many retailers, incoming store traffic is declining, and it is more expensive than ever to bring a shopper to your store. In more rural markets it costs around \$40 in advertising money per quest and in some major metro markets, it tops \$100! If you don't believe me, look at your traffic count for the first eight months of the year and divide it into your total advertising spend.

"Updating your website with tools like Holiday Sales Banners, Special Pricing and coupons will help drive interest in your store and INCREASE phone and foot traffic."





Financing Tools: Retail Sales Associates have more tools than ever today for on-the-spot closing. Money in the bank is no longer an issue with extended FREE financing, and even those shoppers with less than stellar credit can use second chance financing. Merchandise selection is better than ever! Most stores will have two to four perfect items to solve customers' needs and wants. And information on your products and your competitors is only a finger click away.

But just like my Makita 18-Volt LXT Lithium-Ion Cordless half inch XPT Drill/Driver Kit with Two 2.0 AH Batteries Charger, many retail selling tools are left in the dark and never taken out of the factory box. A recent survey for Labor Day 2018 results showed that over half of the stores that responded used extended financing for ONE or LESS sales over a four day period. Sure, financing comes at a cost, but history shows that shoppers who use financing spend \$300 more than cash customers.

3. Even if you HATE using financing, is your sales team able to both step-up customers and also step them down to lower priced

merchandise? Some sales floors are patrolled by BIG GAME HUNTERS who want the big sale, or nothing. But at \$40-\$100 an up, wouldn't you rather they sold something! Other stores have Nervous Nellies who are satisfied with selling the ADV items, and never demonstrate essentials like the THREE Ps (Power Bases, Pillows, and Protectors). You'll know this is your team if your adjustable attachment rate is below 25 percent (on item count, not dollars) and less than 70 percent on mattress protection and pillows.

Housekeeping Tools: Tools like a broom, Windex, and paper towels can help keep your store entrance looking good, if you use them daily or even several times a day! Just as you have to sweep the dust from the sidewalk in front of your store, you need to sweep the cobwebs off your WEBSITE. In today's world of research, shoppers are visiting the click before they head out to the brick. In fact, if your website isn't pretty, exciting, and impactful, people will rarely include you on their shopping mission.

Website Tools: Updating your website with tools such as holiday sales banners, special pricing and coupons will help drive interest in your store and INCREASE phone and foot traffic.

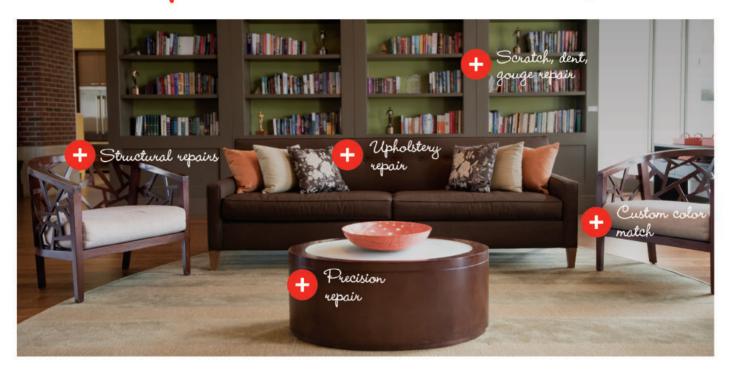
On that same Labor Day survey about financing, 33 percent to 40 percent of retailers with a goal of topping 2017 sales, did not add in any special information or pricing for Labor Day, one of the prime selling periods of the year. That's like trying to replace the kitchen sink with your bare hands. It's messy, difficult, and probably not achievable.

6. Management Tools: Today my greatest home repair wish came true! It's raining

"But just like my Makita 18-Volt LXT Lithium-Ion Cordless half inch XPT Drill/Driver Kit with Two 2.0 Ah Battery Charger, many retail selling tools are left in the dark and never taken out of the factory box."



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RETAIL TOOLBOX

buckets so I have a valid excuse for not attempting any outdoor repairs or projects! However, I am going to clean my old tools, and read the instructions for use of my new ones. I am looking at every tool in my possession and disposing of those that are worn, ineffective, and broken. If you're having a slow day at your business, why not do the same with your business tools. Update your website, or hire someone new who can! Spend time with your sales team reviewing discovery and closing questions that WORK. And while you are at it, how about trashing some old tools that served you well in the past, like ultra-restrictive return policies and hackneyed store greetings, now way past their prime. Just like the feeling I get when successfully replacing a light bulb (Look Honey! I got it straight in the first time!) you'll revel in the

joy of making your retail world a little brighter.

About Gordon Hecht: Gordon Hecht is a Senior Manager for Serta Simmons Bedding's Strategic Retail Group comprising over 400 locally owned and operated bedding stores across the country selling Serta Simmons branded and America's Mattress-branded mattresses. He started his career in Home Furnishings as a delivery helper and driver, later moving to sales and management.

Gordon has been a store manager, multi-unit Manager and National Director of Sales and has been recognized for outstanding achievement with Ashley Furniture HomeStores, Drexel-Heritage, RB Furniture, Reliable Stores, and Sofa Express. See all of Gordon's articles on the furninfo.com website at www.furninfo.com/Authors/ List. Questions and comments can be directed to Gordon Hecht at ahecht@serta.com.

"How about trashing some of those old tools that served you well in the past, like ultra-restrictive return policies and hackneyed store greetings."

"Thanks Larry for Another Fantastic Event!"



MICHAEL BRUCE

This is the second time we have worked with Larry on a retirement sale for a store we purchased, and he was great again. The concept he uses to develop a story thru the marketing and then allows us to conduct the sale with our own people is fantastic and I believe provides for the best results. We were overwhelmed with the amount of business the first week of our event and Larry was able to adjust the marketing and event schedule to continue to maximize the opportunity after we attempted to catch our breath. Thanks Larry for another fantastic event!

Michael Bruce, of Bruce Furniture: Kearney, Hastings, Holdrege, Alliance and North Platte, Nebraska

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SAXON-CLARK

by Janet Holt-Johnstone

lorida-based retailer develops special relationships with customers, learns their aesthetics, their budgets and helps them actualize their dreams for beautiful homes.

It was carved in stone. Literally. In 1996, Donnie Saxon and his partner, Tom Clark, conjured up a retail venture "Unique to the furniture industry. We wanted a sign for our store that would convey quality and longevity but would not cost us a fortune," said Donnie. "Just starting out, we were putting the majority of our funds towards renovating the space and inventory.

"I visited a granite yard and happened to see a discarded broken piece of granite with beautiful color and texture. The only issue was that it was broken on one end. The yard gave me the broken piece. I took a hammer to it and was able to match the raw edge on the other end so it looked like it was supposed to be that way.

"A local artisan engraved 'Saxon-Clark' onto it, then hand applied 24 carat gold paint, and voila! a sign that has stood the test of time!

"It currently hangs in the Design Center at our Altamonte Springs store, the heart of Saxon-Clark. It's a daily reminder of our humble beginnings and serves as a reminder that the hands-on cando approach that worked for us in the past is still one of our best assets when it comes to customer service."

Fast Forward

Today, the award-winning Saxon-Clark **Furniture** Patio Design's showroom of over 30,000 square feet in Altamonte Springs, Florida, displays "The finest furniture, accessories and rugs at the best prices possible. We recently opened a second 3,000 square foot showroom, a much more intimate setting, in our original College Park, (Orlando) location to better serve customers. We price at 40 percent off MSRP, not some made-up retail price. This was our pricing policy 22 years ago, and it still holds true today."

Early Growth

Saxon-Clark quickly established a strong reputation for exemplary white glove delivery service, performed personally by Donnie and



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"We don't look for

salespeople to work in our stores, we look for designers and employees with an interest in design."

Tom. It was only two years later consultant to realtor friends. They going'. When the economy shifted room at the Oak Grove Shoppes them in selling upscale homes." in Altamonte Springs, 10 minutes north of Orlando.

In 2001, came the opportunity to activate a third location on Orange Avenue in downtown Orlando. "The economy and the clientele had demanded more square footage and product."

Donnie, originally from Augusta, Georgia, had worked in the newspaper industry for 10 years. There he honed his customer service skills and developed a keen eye for biggest year in sales, but I had

that they opened a second show- sought my advice and vision to aid

And Saxon-Clark has benefited greatly from Donnie's "go with the flow" philosophy in both industry downturns and upturns. "Tuning in to the economic market and our customers' needs, plus being adaptable, has been the secret of our success.

The Economic Downturn

"We had just experienced our design. "In the 90s, I was a design a feeling, 'This just can't keep

in 2008, we were ahead of the curve, already having begun to downsize, shift focus and adjust offerings. All our showroom space was consolidated into the Altamonte Springs location to be able to serve our customers and support our vendors throughout the downturn."

Design Focus

Donnie wanted a business model that would encompass true design in every aspect.

"We listen to our customers and respond to their wants and needs. That's why Saxon-Clark has evolved into a full-service business supplying everything for their homes all the way down to just the right light bulb!"

In 2011, Donnie and Tom hired Jason Baird as General Manager of the Altamonte location. Another landmark year. Jason already had 20 years of experience that helped him to effectively manage Saxon-Clark's talented staff. Contributions to the company in his first year inspired Donnie and Tom to offer him a partnership.

Jason oversaw the renovation of

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Pictured above are Jason Baird, General Manager and Donnie Saxon, Founder of Saxon-Clark. Creative customers can "custom build" their upholstery, choose style, body and pillow fabric.

the new College Park location, "a more convenient place for many of the Central Florida designers who utilize us, as well as an opportunity to work in the community that helped launch our store. I think our style blends seamlessly with the College Park community and the residents have welcomed us back with open arms." The Grand Opening offered "Light Bites, Wine & Open House" and

the chance to "Win a Recliner", "Pick Up A Discount Card to Save BIG" and, very important and effective, to "Meet Designers & Get Expert Advice".

At age 16, Jason had his first taste of home furnishings retailing. And it wasn't then for love of design. He was "studying criminology, while working in the warehouse of the Fort-Myers based furniture chain, Robb & Stucky. It was a part-time job, doing trash." His work ethic quickly earned him a promotion to box opener and truck loader. "Then I taught myself to drive trucks in order to

become a delivery driver."

that help turn customers into long-term

clients, then into friends."

By age 21, Jason was the Warehouse Manager at Robb & Stucky. He was promoted to Operations Manager, then General Manager of a Robb & Stucky store.

Today, he is General Manager and Partner of both up-scale Saxon-Clark locations.

Staffing

Jason feels that "Our staff, many of whom have been with us for well over 10 years, some from

SAXON--CLARK

"What works best for us is television. Furniture and design require visual media."

the very beginning," is the most important factor that has driven Saxon-Clark's success. "We all wear many hats and do whatever it takes to get the job done.

"Since we don't have high turnover, we are extremely selective and, if we do hire someone, it's usually through a recommendation.

"The same applies to our administrative staff. We have a great support team in place. From the front of the office to the back of the house."

Saxon-Clark offers in-store training on many levels. Jason cited their all-important delivery people. "The staff we have in place used to be professional furniture movers. So, they know all the ins and outs of moving furniture! They wear moisture wicking shirts with our logo. Delivery trucks are wrapped with graphics and our logo. And they have a custom lift gate to load and unload furniture safely."

Sustainability

Well aware of climate change, "We use all LED lighting in our stores, and strive to reduce our carbon footprint through eco-friendly HVAC and fuel efficient delivery trucks.

"Since we designed a 'Green Home' for a builders' magazine, we're tuned into products and practices that are sustainable.













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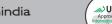
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With more than 70 brands, an in-house floral department, rug showroom, custom window treatments, flooring, bedding, accessories and more, there is a lot for customers to choose from.

"While we don't necessarily go out and seek eco-friendly furnishings, we are always cognizant of its availability, and we purchase fabrics, textiles and furniture that, whenever possible, won't deplete the planet.

Customer Service

"Saxon-Clark is known for its customer service. The highest compliment we can receive is when one of our customers sends in their neighbor, family member or friend. We don't look for sales people to work in our stores, we look for designers and employees with an interest in design. Anyone can sell furniture, but it takes a special person to develop a relationship with the customer, learn their aesthetic and budget and help them actualize what's in their head "

The Saxon-Clark customer base extends all over the United States and abroad. "We tailor service to our clients' preferences. At a certain point, nearly every larger client will require an in-person visit. Personalized service is where we excel."

Demographics

"The majority of our customers are 35-plus. We present a good-better-best story offering quality classic to contemporary furnishings. Furniture at Saxon-Clark is heirloom quality. Our customers tend to have discerning taste and definitive opinions about their aesthetic.

"Younger customers are seeking quality, choosing to 'buy smart', and furniture that's made to last. Saxon-Clark's 'Make it Yours' program offers options to

choose fabrics, finishes, woods, and more to truly create something that is unique and one of a kind." A bespoke vision.

"We present in-store design workshops that will help to turn customers into long-term clients, then into friends. The more they know, the more they appreciate what we offer and what we do. It builds trust. Developing

"We present a good-better-best story offering quality classic to contemporary furnishings at affordable prices."



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"Saxon-Clark's

'Make it Yours' program offers options to choose fabrics, finishes, woods, and more to truly create something that is unique and one of a kind. "

long-term relationships is key to our success." Donnie and Jason share an outreach-based focus."-Giving back to the community is something we feel strongly about. If we can share our success and help others, it's a win-win. Kids Beating Cancer® is a particularly touching cause we've supported this year. Saxon-Clark donated funds to the Mennello Museum of American Art, a breast cancer charity and the Zebra Coalition. We also provided backpacks and school supplies for under-served vouth in Central Florida.

"In 2019, we've decided that we will tie more design events into charitable causes."

Communications

Saxon-Clark has studied the most efficient and effective methods of communicating with customers over time and has increased its use of video on social media. Said Jason, "Over the last 22 years we have utilized print, radio, television, direct mail and the Internet.

"What works best for us is television. Furniture and design require visual media. The best marketing and advertising outcomes for us have come when we tell a story, and SHOW product! Television has a broad reach and has been very effective for Saxon-Clark in the Central Florida market."

The company gets lots of additional exposure through "high profile projects and awards. Saxon-Clark designs many show houses, and has won multiple awards. Donnie designed a Boca Raton home that was featured







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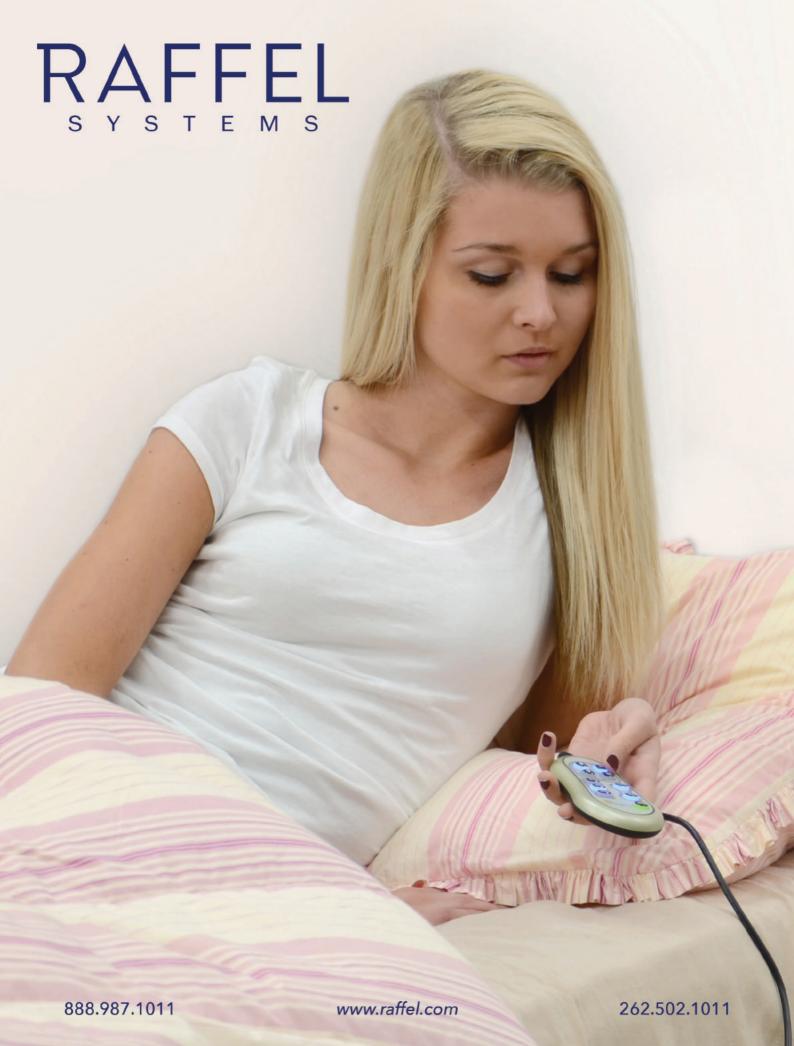
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"Our in-house floral department is a major asset for customers." Hundreds of floral designs adorn the showrooms.

'Lifestyles of the Rich and Famous', and has been featured on HGTV several times."

Additional awards and accolades include: American Society of Interior Designers (ASID) Awards; multiple Aurora Awards; President's Awards; National Council of the Housing Industry; Street of Dreams Awards and Builders Awards.

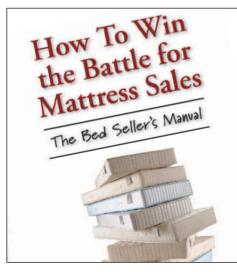
Buying

Each October and April, Saxon and Baird attend the High Point Market and other shows, both national and international. Buying is an art that can occur anywhere. "We are always seeking to find new and unique furniture, rugs and accessories for our clients and that sometimes takes us out of traditional markets and outlets. Often we will source things specially for a discerning design client who wants a one-of-a-kind piece."

Web Presence

At Saxon-Clark, the concept of design is paramount which is why their website has been created to offer unusually easy interactivity. Creative customers, can "custom build" their upholstery, choose style, body and pillow fabric. They can use the Room Planner, then E-mail their plans to family, friends or a decorator.

"We don't currently sell online. It makes more sense for us to stay true to our original business model and tag-line of 'See it, Feel it and Live it'. With our 70-plus brands, our in-house floral department, our rug showroom, custom window treatments, flooring, bedding, accessories and more, there is just so much for the customer to absorb!



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"In order for our customers to really love their purchase and enjoy it for years, we encourage them to visit one of our showrooms. Our designers and experts help guide them through the process to complete the look of their room, all the way down to that proverbial light bulb! We may, one day, make the transition to selling a few items online. But, for now, we like customers to experience the wow factor of our products on display, meet and interact with our design staff."

Building Trees?

"Our in-house floral department is a major asset for customers." Hundreds of floral designs adorn the showrooms from cozy arrangements to lifelike palm trees in patio groupings. Donnie said, "To find the right size tree or silk floral arrangement that perfectly accents their furniture and living space can be difficult. Our customers can choose their container, their colors, flowers, greenery and more. From azaleas to zinnias, we build fabulous floral arrangements for our customers that fit any space or aesthetic." He laughed, "Our handcrafted ornamental trees are so lifelike that some folks have been known to water them!"

Over the years Saxon-Clark has developed an important rela-

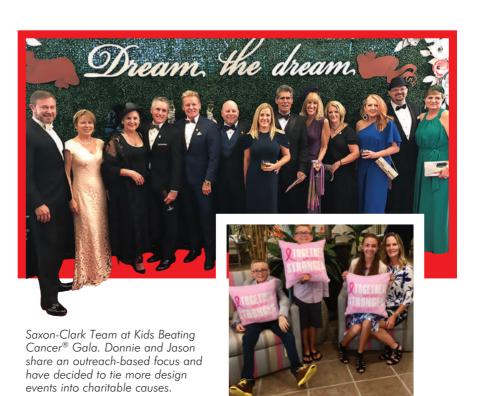
tionship with the design trade. "Jason handles the to-the-trade department along with Ann Marie Wilson in the front office. Since Jason knows the business from design to delivery, he was the natural choice to head up our program. He knows how designers want to work and can facilitate the easiest and best outcomes for them. Ann Marie brings a wealth of experience to our program and helps keep it running smoothly."

Looking Forward

The future of Saxon-Clark? Said Donnie, "As a company, we will

continue to evolve and grow and give back to our community. If you follow economic and political trends, you will notice that we are beginning to see more fur-

"We have added services and departments that most furniture stores don't have. If Saxon-Clark doesn't have it, we can get it."





"As more people become involved in the design and aesthetic of their homes, we see a growing trend toward customized home furnishings."

niture and textiles being made in America, and I think that will continue for the next 10 years or so. Whenever possible we source custom upholstery made in the States because. in my experience, the U.S.A. is just the best when it comes to upholstery. Americans want quality and longevity. They want their money's worth, and I see them demanding that in all aspects of goods in the foreseeable future. And that's great news for a company like ours that demands the best quality. We don't necessarily need to grow in size. We do plan to grow our brand and reputation by offering the best quality, service and design.

"I've always said, I don't want to be the biggest, I just want to be the best."

The future of the home furnishings industry? "As more people become involved in the design and aesthetic of their homes, we see a growing trend toward customized home furnishings. We carry several lines, including Vanguard, that allow customers to build a headboard, credenza, couch or table to exact specifications. There are literally thousands of options they can mix and

match to get a one-of-a-kind piece that fits their needs. We have dedicated space in our Altamonte showroom where the consumer can work with a designer using software that helps them visualize the furniture they build. They can see examples on our floor, see and feel fabrics, finishes and other elements that will go into their design. It's an engaging and interesting process that our customers really love. They leave knowing that the furniture they've purchased is the perfect fit, feel and look for their families. It's something a big box or chain furniture store can't offer.

"We have added services and departments that most furniture stores don't have. Saxon-Clark is a one stop shopping experience. Our 30,000 square foot showroom contains a design center, floral department, rug showroom, renovation/remodeling services, custom cabinetry, custom window and bedding departments as well as accessories, mattresses and more. If Saxon-Clark doesn't have it, we can get it.

"Our aim is to take the stress and strain off the customer and make their furniture and design experience top notch!"



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BUDGET 2019

By Joe Milevsky, JRM Sales & Management, Inc.

nly about one in thirty independent furniture store owners produces an annual budget and knows how to use it to get the business outcomes they desire.

In corporate America, budgets are typically required to be completed by mid-November. The budgets I prepared working for major players in the furniture industry before founding JRM Sales & Management were typically sent to a direct supervisor, edited by an executive team, then passed on to a board of directors. Budgets then worked their way back to me through the chain of command by the end of December. They included tremendous detail on advertising and payroll, including monthly advertising plans with promotions and advertising budget forecasts for each media choice. The payroll plan included projected newhires, raises and bonuses.

Before the end of each month I was required to report expected net profit, gross revenue and gross margin. If these expectations were off by more than two or three percent, I knew that I would be held accountable.

Why Make A Budget?

A budget facilitates accountability tied to key measurements. With a budget in place you can

easily see actual performance-tobudget monthly, or even more frequently. When you don't achieve a profit goal, the budget will help you drill down to understand what happened. It could be that some significant invoice came in a month late and impacted your bottom line. If it's not a timing issue or unexpected onetime cost, then checking your budget numbers will help you to make necessary adjustments, so going forward, your probability of success will be significantly increased.

Positive Outcomes

How do you use a budget to engineer positive outcomes? A budget should be thought of as a series of goals leading to an ultimate goal of net profit. Budgets are forward-looking. Relying on last month's profit and loss statement or last year's tax return will not provide that for you. Not having a budget is like driving your car while looking into your rear-view mirror. Sooner or later it is not going to end well.

I am not going to tell you that developing and utilizing a budget "Eventually, everything connects. - Charles Eames"

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Table #1: Historical Sales & Sales Budget Calculations

Month	2015	2016	2017	TOTAL	USED FOR BUDGET	CALCULATED PERCENT
January	\$175,852	\$163,248	\$187,925	\$527,025	9.0%	9.1%
February	\$111,758	\$113,071	\$127,232	\$352,061	6.5%	6.1%
March	\$103,409	\$106,745	\$118,235	\$328,389	6.0%	5.7%
April	\$79,483	\$112,287	\$105,264	\$297,034	5.0%	5.1%
May	\$78,924	\$168,388	\$172,835	\$420,147	7.0%	7.2%
June	\$98,173	\$172,727	\$156,889	\$427,789	6.5%	7.4%
July	\$105,079	\$105,891	\$137,159	\$348,129	6.0%	6.0%
August	\$94,398	\$207,436	\$225,687	\$527,521	8.5%	9.1%
September	\$148,891	\$197,561	\$209,687	\$556,139	9.5%	9.6%
October	\$158,305	\$233,184	\$254,598	\$646,087	11.5%	11.1%
November	\$181,174	\$249,000	\$272,564	\$702,738	13.0%	12.1%
December	\$187,174	\$230,000	\$258,601	\$675,775	11.5%	11.6%
TOTAL YEAR	\$1,522,619	\$2,059,538	\$2,226,676	\$5,808,833	100.0%	100.0%

is the easiest thing in the world, but it isn't that hard either. Hard was starting your business. Hard was figuring out ways to work with family members. Hard was holding on when times were tough. Hard was selling your concept to lenders and vendors. Hard is running your business from your checkbook!

"How should you determine your sales curve? If you have an established business, first gather at least three years of monthly sales revenue numbers."

Avoid The Death Spiral

To some degree, most businesses experience significant variations in sales, profits and cash-flow. Forecasting, an essential practice in well-run furniture operations, is part science and part art. Even for businesses that make some attempt at budgeting, it's not unusual during severe downturns for numbers to be so far off that owners just give up. Missing forecasts is frustrating. Not forecasting can lead to a death spiral.

At the top of a death spiral, business are not being managed as well as they should be, but things are still okay. Then something goes wrong. A key employee is lost, a strong competitor moves in, or there's a downturn in the economy. At first a retailer may hardly notice that his or her business is starting to deteriorate. As business conditions worsen, owners frantically look to cut costs such as sales payroll, advertising or training. Unfortunately, in most cases, these are the last items that should be cut because they are the things that lead to revenue productivity. Frantically cutting costs is like pulling the plug on a tub full of water. At first it's hard to notice anything, and then it quickly goes down the drain.

The Sales Curve Is A Good Place To Start

The Sales Curve uses past sales data to predict future sales performance. It describes sales growth in relation to another variable over time.

How should you determine your sales curve? If you have an established business, first gather at least three years of monthly sales revenue numbers. Plua them into a spreadsheet and calculate monthly percentages. Then go back to look at each month to

ensure that no significant events impacted some of the results. These could be anything from significant weather issues causing a store closing, personnel issues or even some major project or promotion that brought in better than anticipated sales for a given month. Adjust the percentage for any such event to yield a much more accurate sales curve.

Of course, if your business is new and you don't have three years of history, the process is going to be different. You will have to rely on results from similar businesses, industry publications, and other types of professional expertise. You will have to do this as best you can to gain insight into the seasonality of your marketplace. Until you have at least

three years of history, budgeting is more art than science.

Real-Life Example

Let's look at a real-life example of a furniture store we will call XYZ Furniture. Conversations with the owner indicated that:

- Profits were up over 22 percent for 2017.
- XYZ Furniture's CPA had suggested its owner do whatever he had to do to reduce his tax liability for 2017. The owner, therefore, over-spent in the fourth quarter on items he could have lived without to lower his tax liability.
- He paid out much bigger bonuses than originally

planned.

- January 2018 sales were okay, but February and March were very disappointing.
- The owner had to reduce his

"For example, we took January realized sales from 2015-2017 of \$527,025, and divided it by total sales for all three years. \$527,025 /\$5,808,833." = 9.1 percent."

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"Frantically cutting costs

is like pulling the plug on a tub full of water. At first it's hard to notice anything, and then it quickly goes down the drain."

own take home pay for March and tap into XYZ Furniture's line of credit causing much stress.

Proper sales forecasting could have helped this owner to avoid stress, sleep better at night and perhaps even save his business.

In Table #1 on page 44, sales for the past three years are listed by month. Note that total sales for 2015-2017 was \$5,808,833. To find the average percentage of sales in the month of January, for example, we took January realized sales from 2015-2017 of \$527,025, and divided it by total sales for all three years. \$527,025 /\$5,808,833 = 9.1 percent. In Table #2, budgeted amounts per month are shown graphically.

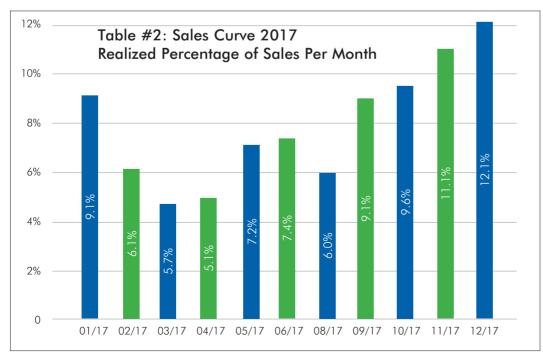
Cost Information

Once you have your sales curve established, you need to plua that information into a series of spreadsheets. These spreadsheets should include revenue and cost information for each month, each quarter, year-to-date and yearend total. Revenue from sales of product, delivery, warranties, repairs, installations, etc., will be reflected by your sales curve.

Certain expenses such as rent (assuming there is no percentage rent in place) are called fixed expenses. They are not impacted by changes in revenue. Normally expenses such as advertising, commissions, etc., are variable expenses tied to revenue. Still other expenses such as utilities are variable, but are tied to changes in weather.

It's obvious that projecting the timing of sales and costs is required to forecast profit and cash flow.

In order to build your budget, vou will need to have a chart of accounts that allows you to eval-



The Sales Curve uses past sales data to predict future sales performance. It describes sales growth in relation to another variable over time.



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"It's easy to just plug in

arbitrary percentages for sales and cost increases. However, the more information you use to inform your numbers, the more useful your budgeting effort will be."

uate your business by expense center. In Table #3 you will see results for a company with a gross margin of 43.5 percent. Gross margin revenue is all of the money any company has to pay all of its operating expenses after paying for merchandise and freiaht.

This company has identified six expense centers, occupancy, administrative, advertising, selling, credit, and operations. The definition of each expense center is mapped out in this company's chart of accounts.

Occupancy example, Expense might include the categories of rent, utilities, garbage disposal, security, cleaning services/ personnel, maintenance/repairs, property taxes and miscellaneous occupancy expense. Try to limit the number of accounts that you need to examine from month-tomonth on your P&L.

To build your budget, you will need current and historical cost information to forecast recurring expenses. If you know that in 2018 you spent "X" number of dollars on vehicle maintenance, you can use that information to come up with a budget for 2019. You won't necessarily plug in the

same number, but use that information as a guide. The process for figuring costs is similar to the one outlined for monthly sales and should list projected expenses by month, by quarter and for the year. Having this information at your fingertips positions you to be able to compare budgeted expense amounts to your actual results. It allows you to identify variances-to-budget and from there develop company initiatives to deal with those variances.

It's easy to just plug in arbitrary percentages for sales and cost increases. However, the more information you use to inform your numbers, the more useful your budgeting effort will be. Ideally, by the time you create your budget you will already have solidified your plans for merchandising, sales promotions, advertising and capital improvements with some certainty. Other factors beyond your control, including tariffs, the effects of an election, uncertain financial markets, and

Note In Table #3 (right): Operating Revenue - COG Landed = Gross Profit. Operating Revenue - (COG Landed - Total Expenses) = Net Operating Profit.

others will necessarily have to be educated auesses.

A comprehensive tutorial on how to undertake a complete budgeting process is beyond the scope of this article. But, if you are among the majority of businesses that haven't yet undertaken formal budgeting, this article will get you started.

Experience has shown that flying by the seat of your pants is not a good long-term policy for any furniture retailer. Budgeting can help you to identify financial

Table #3: Expense Centers & Net Profit Calculations

Operating Revenue	100%	
COG Landed	56.5%	
Gross Profit	43.5%	
Expenses:		
Occupancy	8.5%	
Administrative	8.0%	
Advertising	6.0%	
Selling	7.0%	
Credit	1.0%	
Operations	8.5%	
Total Expenses	39%	
Net Operating Profit	4.5%	
Other Income	0.5%	
Net Profit	5.0%	

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WHAT WOOD IS GOOD? Deforestation is a problem around the world.

LOOK FOR

- Wood certified by a reputable organization like FSC
- · Solid North American hardwoods
- Reclaimed and recycled materials
- Plantation-grown wood, such as Mango
- Fast-growing renewables like Bamboo



WHAT FOAM FOR HOME? Foams and wraps are usually petroleum-based.

LOOK FOR

- · Natural latex from rubberwood trees
- · Bio hybrids that mix soy and petrol
- · Down, kapok or other natural wraps
- · Spun wraps from recycled bottles
- No FR chemicals added



WHAT LEATHER IS BETTER? Leather production uses land, transport, and chemicals.

LOOK FOR

- Vegetable-Tanned
- Non-toxic dyes
- US or EU leather production and manufacture
- Genuine leather rather than PVC substitute



WHAT FABRIC IS FANTASTIC? Textile production is chemical intensive.

LOOK FOR

- · Certified organics, especially for cotton
- Other natural fibers such as wool, linen, hemp that require less water in production
- · Recycled content, especially in synthetics
- No FR chemicals, fluorinated stain treatments, anti-microbials, or PVC



WHAT FINISH IS FINE? Finishes can off-gas VOC's like formaldehyde.

LOOK FOR

- · Water-based lacquers, not acetone
- · Natural finishes like waxes and natural oils
- · Certified No or Low VOC



WHAT IS AN LCA?

A Life Cycle Assessment tracks environmental impact of production from extraction of raw materials, through processing, manufacturing and transportation and the use, reuse and recycling of the product until it returns to the earth as a nutrient or toxin.













Budget Example #	1			
	Annual	Percent	Jan Budget	Percent
REVENUE				
Gross Merchandise Sales	4,000,000	100.2%	324,000	100.2%
(Cancellations)	(8,868)	-0.2%	(718)	-0.2%
Total Sales	\$3,991,132	100%	\$323,282	100%
COST OF GOODS Merchandise COG	2,159,203	54.1%	\$ 174,895	54.1%
COST OF GOODS				r
Freight	, 11, 11	0%	0	0%
Inventory Adjustments		0%	0	0%
(Vendor Rebates)		0%	0	0%
Net Landed COG	\$2,159,203	54.1%	\$174,895	54.1%
GROSS PROFIT	\$1,831,930	45.9%	\$148,386	45.9%

Budget Example #1 shows a furniture retailer's annual budget plus the month of January broken out. Freight, Inventory and Vendor Rebates are left blank for simplicity.

Budget Example #2 (below) shows budget for the month, their actual performance, as well as variance to budget.

	Jan Budget	Budget % to sales	Actual	Actual % to sales	Variance (\$)	Variance (%)
REVENUE						
Gross Merchandise Sales	367,500	98%	395,000	100.6%	27,500	7%
Sales Non Taxable	8,037	2.1%		0.0%	(8,037)	-100%
(Cancellations)	(501)	-0.1%	(2,200)	-0.6%	(1,699)	339%
Total Sales	\$375,036	100%	\$392,800	100%	\$ 17,764	5%
0 . (0 .)						
Cast of Goods						
	198,394	52.9%	\$ 202,000	54.1%	(3,606)	2%
	198,394 5,006	52.9% 1.3%	\$ 202,000	54.1% 0%	(3,606)	
Merchandise COG Freight			7 -0-,000			2% -100% 0%
Merchandise COG Freight Inventory Adjustments	5,006	1.3%	0	0%	5006	-100%
Merchandise COG Freight Inventory Adjustments Finishing Expenses	5,006	1.3%	0	0% 0%	5006	-100% 0% -100%
Cost of Goods Merchandise COG Freight Inventory Adjustments Finishing Expenses (Vendor Rebates) Net Landed COG	5,006 0 2,461	1.3% 0% .7	0 0	0% 0% 0%	5006 0 2,461	-100% 0%
Merchandise COG Freight Inventory Adjustments Finishing Expenses (Vendor Rebates)	5,006 0 2,461	1.3% 0% .7 0%	0 0 0	0% 0% 0% 0%	5006 0 2,461 0	-100% 0% -100%

trends based on your monthly, quarterly and year-to-date budget numbers. Only then can you know before it's too late if you are meeting, exceeding or missing targets for:

- sales
- gross margin percent
- advertising budget
- overall expense to revenue

compared to budget and/or last year

budgeted net profit

Budget Meetings

If you take the time to create a budget, you will gain a deeper understanding of how the moving parts in your business affect profitability. But, if you don't set up a mechanism to review performance, identify variances and plot course corrections, you will miss out on its greater power. It's a best practice to schedule budget meetings a few days following the end of each month. What follows are some notes from an actual budget meeting that identified higher than projected

BUDGET 2019

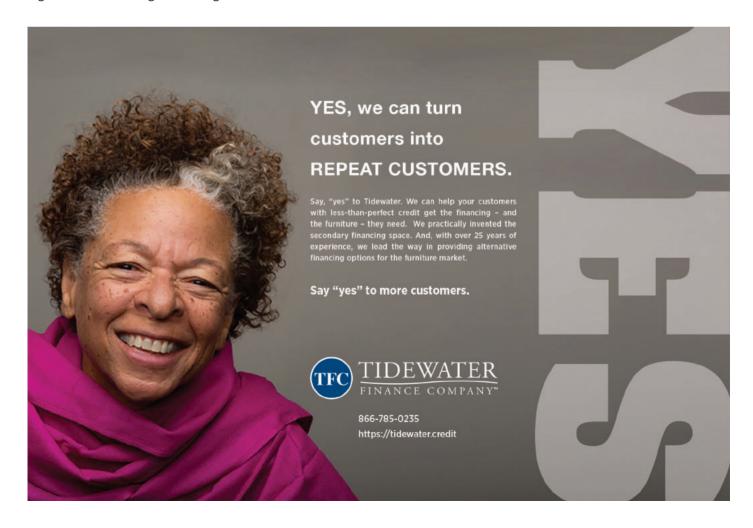
expenses for a furniture retailer. Its expenses were at 43 percent of operating revenue, well above the budgeted target of 38 percent. Problem areas and remedies suggested were:

MARKETING: The original budget called for marketing expense to be five percent of operating revenue. The actual was seven percent. Marketing cost per customer opportunity was at \$42.87. It was suggested that this amount be reduced by half, either by increasing traffic or cutting the budgeted

amount of marketing expense to 4.5 percent. Management was concerned about where to cut marketing expense and also questioned if traffic counts would tell what effects marketing cuts might produce. Sales Management changes had already been put in place to maximize productivity from available traffic. A recommendation was made to reduce TV advertising.

WAREHOUSE: Overtime was not an issue, but the operation was overstaffed and inefficient. New management had been put in place to make adjustments.

GROSS MARGIN: It appeared relatively OK, but evidence indicated that it should be two points higher. Gross margin losses were tied to the warehouse through inadequate tracking of damages, transfers, returns, and reimbursements from a trucking company. These issues were driving higher than projected landed cost of goods. A new tracking system was being installed to get better control of these issues.



Budget Example	#3			
	Actual	Last Year Actual	Variance to Last Year \$	Variance to Last Year %
REVENUE	,			
Gross Merchandise Sales	\$300,000	\$260,000	\$40,000	13.3%
(Cancellations)			0	
Total Sales	\$300,000	\$260,000	\$40,000	13.3%
COST OF GOODS				
Merchandise COG	\$162,000	\$150,000	\$12,000	7.4%
Freight		<u> </u>	0	
Inventory Adjustments			0	
(Vendor Rebates)			0	
Net Landed COG	\$162,000	\$150,000	\$12,000	7.4%

\$138,000

\$110,000

Generic view at left compares actual to last year's performance. Freight, Inventory and Vendor Rebates are left blank to simplify the example.

20.3%

Budget Charts

GROSS PROFIT

Budget Example 1: This chart gives an overview of revenue, cost of goods and gross profit for a company with the month of January broken out. It's a type of chart most often found at the top portion of a budget.

Budget Example 2: This chart represents a similar view from a different company. It shows their budget for the month, actual performance, as well as variance to budget.

Budget Example 3: This chart represents a generic view comparing actual to last year's performance.

Conclusion

A formal budgeting process will help you to feel more in control of your business. You will dramatically increase your ability to engineer desired results, get paid what you are worth, and take better care of your staff. You will be able to react to changes better as well.

\$28,000

Many home furnishings retailers are simply not strong in accounting and may rely on a partner, an employee or their CPA for accounting information. Most CPAs, however, are not strong in using numbers to run businesses. Their main function is to ensure that a business is paying their fair share of taxes, not a penny more.

Ronald Reagan was once quoted as saying "Trust but Verify". So, whomever you use to provide this information, remember that business owners who are not able to verify are vulnerable.

You can do it! Get help to do it if needed - but do it.

About Joe Milevsky: Milevsky, CEO and founder of JRM Sales & Management, Inc., has called on his more than 40 years of industry experience, to help hundreds of clients improve the performance of their companies and profit as a result of their business relationships with JRM. Before establishing JRM 18 years ago, Joe held various executive positions with several of the strongest companies in the retail furniture industry. He has authored numerous articles for industry trade publications and he is a regular speaker at national events for the Home Furnishings Association (HFA), Hearth Patio and Barbeque Association (HPBA), Nationwide Marketing Group, and various other buying groups as well as many other organizations both domestic and international.

Questions can be directed to Joe Milevsoy at 678-574-0937 or email joe@jrmsales-mgmt. com.



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Confessions of a Vermont Furniture Retailer

(Here's how I got rid of our angry Customers)

by Peter Stevens, President Big Barn Furniture

ollowing a banner summer and boomer Labor Day, Big Barn Furniture was heading into its best season ever. Having grown 35 percent year-over-year, we were hiring employees, buying trucks and adding infrastructure.

Then, Angry Customers Started Calling Us

Up until this point, we had experienced very few anary customers. We've always prided ourselves on maintaining the highest Google and Facebook ratings in our area. Our staff is proud of our customer-centric philosophy. Yet here we were with hordes of anary customers calling daily, standing over our desks while we checked new customers out, angrily asking... "Where Is My furniture?"

Our vendors were overbooked. short on inventory, and some simply mismanaged. We were in a crisis situation, having grown so fast that we couldn't send orders efficiently, update our POS system quickly, or keep customers informed about their order status.

Our sales staff relied on information inside our POS system, so we found ourselves logging into dealer websites obsessively to place orders and get order information that changed daily.

Automating the Chaos

We needed a solution, but were disappointed in the technology solutions available to small to medium sized retailers. We couldn't find a single product that could efficiently notify our customers when a change occurred.

It's hard to imagine in this techsavvy world that order managers spend hours sending purchase orders, receiving acknowledgments, tracking shipments and communicating information to customers the hard way; using faxes and emails. They still update their POS systems manually, get information via web portal searches, and make needless phone calls with countless customers, vendors, and trucking companies.

Our Solution Was Vanuno!

So, we built our own system called Vanuno that sends and tracks orders from vendors and trucking companies, knows when merchandise arrives at our dock and notifies customers all along the way.

Saves Money: Expenses associated with our old manual systems were reduced or eliminated when we switched to EDI transactions, lowering our transaction costs by at least 40 percent. A major electronics manufacturer calculates the cost of processing an order manually at \$38 compared to just \$1.35 for an order processed using EDI. Errors due to illegible faxes, lost orders or incorrectly taken phone orders were eliminated

Saves Time: Sending orders to vendors with Vanuno is as easy as pushing a few buttons. Acknowledgments, shipping dates and updates are automatically imported into our point of sale system. Vanuno allows us to view, track, and search all order activities throughout the entire process, from purchase order to loading

Happy Customers: Our customers are automatically notified when order status changes occur and when merchandise has arrived at our store.

Vanuno Can Help You Too!

Vanuno has transformed our business and can do the same for you.



Best Selling DESIGN



Himolla

The Cygnet features optional compatibility with Amazon's Alexa to help your customers glide into a powered recline just by asking. Features include sumptuous leather, integrated footrest and 360° rotation that swivels and adjusts.

Contact information on page 80.

Alden Parkes

The Galaxy Double dresser with glass design is highlighted by gold leaf trim and brass knobs. This modest size dresser has six drawers for plenty of storage.

Contact information on page 80.



A.R.T.

This loveseat from the WoodWright Collection has a design influenced by Prarie style architecture. The 50-piece whole home collection features clean, unembellished silhouettes in two distinctive finishes that showcase the natural oak and primavera wood grain.



Twin Star Home

TV Stand with optional ClassicFlame® Electric Fireplace features the Meridian Cherry finish on veneer with Satin Brass hardware. Contact information on page 80.



Nourison

With torrents of abstract blue and grey on a sleek ivory field, this Twilight Collection rug makes a distinctive painterly statement. The low-cut pile features luxurious texture with wool and Luxcelle $^{\text{\tiny TM}}$ fibers that create a tempting silky surface, with a hint of glistening accents.



Best Selling DESIGN

Furniture of America

The Hermine is an antique finished bunk with a warm rustic feel. The top bunk includes secure railing. The frame features ultra secure lock joints ensuring stability.

Contact information on page 80.





Abbyson

The Cosmo Dining Table with black top and ornate gold stainless steel base is shown with gold framed and black satin Cosmo dining chairs.

Contact information on page 80.

Crosley

The St Augustine Collection is a six piece outdoor set made of durable steel, wrapped with UV resistant wicker.





Null

This table is part of a six piece collection. It features two-tone Smoke Gray textured cedar tops, Stone body finish. Crate drawer fronts add structural detail and rustic charm.

Contact information on page 80.



Kas Rugs

The Catalina Collection features contemporary floral patterns with fresh colors, originality, and style. Hand-tufted in China of 100 percent wool, this collection offers exciting large-scale floral designs.

Contact information on page 80.

TŌV

The Plato Aqua Velvet Sofa is defined by its sloping silhouette, gold legs and luxurious upholstery. Available in multiple color options.



Best Selling

DESIGN



The Urbino and Kenna modern dining set has a sleek Matte Black Metal finish. The Urbino's dark grey and Walnut top plays with the blue chair fabric creating a serene and inviting atmosphere.

Contact information on page 80.

Legends

This cabinet, part of the "new contemporary" collection was designed for today's on-the-go lifestyles. It's a confident expression of style that utilizes textures, patterns and mixed materials to evoke a modern way of thinking about home furnishings.

Contact information on page 80.



Craftmaster

This sofa from the new CM Modern collection, features a "Blend Down Cloud" deep seat cushion. The arched track arm, French seaming, and textural fabrics give this piece a casual perspective on modern styling. Approximate retail is \$1,199.



The Luna Media Console Electric Fireplace has clean contemporary lines enhanced by a striking leg design. Vertical glass door inserts, conceal home electronics. The Tan Walnut finish contrasts with black accents.

Contact information on page 80.



Capel

The new Greyson collection features machine-made Wilton weave carved construction giving this fashionable rug an intriguing artistic element. These 100 percent Olefin rugs are made in Egypt in three colorways including cobblestone, storm and gunsmoke.

Contact information on page 80.

Arason

Clever space saving bed is 40 percent smaller than queen size sleeper sofas. Arason's Creden-ZzZ cabinet bed is shown in the Brussels style in charcoal. The compact cabinet holds a six-inch mattress, features a large storage drawer and comes in several styles and finishes.



Best Selling DESIGN

Jaipur Home

Constructed of reclaimed woods and new mango timber, this striking and versatile silhouette is part of the new Structured Simplicity Collection. Features include simple hardware and shelved interior.

Contact information on page 80.





Country View Woodworking

This two-tone set is available in twelve finishes and four paint colors. It features a Wormy Maple table top and chair seats coupled with Brown Maple apron, legs and frame. It is part of the Premier Express Ship Program, delivered two weeks from order.

Contact information on page 80

Porter Designs

The Big Chill Sofa Collection is all about plush, easy seating and relaxed comfort. The luxe cord mink-colored microfiber provides an ultra-soft cover. Deep seats are great for kicking back. The oversize swivel adds another comfortable seating option. The sofa retails for \$599.





Whittier Wood

The Addi table and chairs with exposed tenon design are made of sustainable solid American Alder and Black Walnut hardwoods.

Contact information on page 80.



Feizy

The Lyra Collection features delineated lines reminiscent of Art-Deco. The premium pure wool pile is hand-knotted offering added durability.

Contact information on page 80.



Haverford is a casual dining collection with "Country Chic" styling. Features include three tables, choice of chairs and lighted sideboard. It is available in a choice of Toasted Almond or Toasted Almond over Pistachio finishes.

Contact information on page 80

Omnia Leather

Newport is made in America and available in an large selection of 100 percent top grain leathers. Omnia is a family owned and operated company that manufacturers motion and stationary upholstered furniture with custom options. Contact information on page 136.



by David Benbow

hy do we make Clearly,

it can be an exercise in futility and frustration as witnessed by testimony of the following quoted eminences.

"Plans are useless but planning is essential." (paraphrased).

-General Dwight D. Eisenhower

"No plan ever survives first contact with the enemy." (translated and paraphrased) -Prussian Field Marshal Helmuth von Moltke

"Everyone has a plan until you get punched in the mouth." -Mike Tyson

As one who has done guite a bit of planning, I can only say that planning is an attempt to give order and structure to an otherwise chaotic, disordered, unorganized existence. To paraphrase an old saying; "If you don't know where you're going, you will probably never get there."

Now, what does this have to do with selling mattresses and furniture? Well, quite a bit. While plans have an annoying tendency to go haywire, having no plan at all is begging for failure.

A Structured Environment

In the world of selling bedding and mattresses, the point of making a plan is to add structure, purpose and goals to your efforts. For example, each business needs a plan for the following areas:

- Floor Plan with all floor models
- Advertising and Promotion
- Financing offered
- Inventory needed
- Policy review and planning
- Competition assessment
- Sales staff and training plan

Your Store's Floor Plan

If you are a player in the mattress business, it is critical to have a well-ordered, well thought out floor model plan to ensure that you have every available model your customers may be looking for. You need an idea of what

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PLAN 2019

you want to show on your floor BEFORE you go to the market. Don't go to market and buy what looks pretty and then try to figure out later how it will fit with your sales plan. Don't forget, your whole floor is your product. For more detail, see my article "What's On Your Floor?" in Furniture World's online archives https://www.furninfo.com/ Authors/David%20Benbow/37.

The Grid Pattern

We start with price point. Does your store offer a full line from promotional to super premium, just popular prices, or super premium only? Whatever your sales plan is, your floor must be well represented with a complete lineup of floor models, both by price and "feel".

When planning my floor model layout, I used a row/column grid pattern with price points on the left, and feel/manufacturer on the top. Then, each floor model was placed by name within the grid. When all models were placed, a blank square showed missing SKUs for a category of price/feel. For example; a blank square in the area defined by \$699 queen and soft pillow top, showed a critical vacancy that would cost the store lots of sales. This grid, while useful in setting up a new floor layout, should be reviewed frequently, to see if each price/feel category is being sold to its full potential. Just because you have a \$699 queen pillow top does not mean it will sell as well as ABC-Furniture-Down-the-Street's \$699 queen pillow top.

Don't forget the importance of brand names when planning space assignment on the showroom floor. A lot of customers still prefer to purchase a brand they recognize rather than one they don't. I will reserve comment on the "majors" seeming disregard for aggressively enhancing their brand awareness.

Another useful thing about the grid pattern is that it can help the store's buyer from over-loading in a given category. At the furniture market, you may find a dozen really great \$699 queen set pillow tops. How many of them do you really need? Paying attention to your floor model plan can keep you organized in your market purchases.

Advertising & Promotion

This subject, always a difficult one, gets more complicated every year. The old traditional newspaper, TV and radio ads are not enough anymore. Social media has changed the advertising and promotion paradigm. Let me quote yet another old saying; "I know that half the money I spend in advertising is wasted, I just don't know which half." If you aren't spending some of your budget on social media, you may be wasting more than half.

On the other hand, some stores have gone wild with social media, so much so that they've neglected traditional advertising venues. While newspapers may be diminished, they haven't gone away. According to a 2016 Nielsen Scarborough study, more than 169 million adults in the U.S.

"If you are a player in the mattress business, it is critical to have a well-ordered, well thought out floor model plan to ensure that you have every available model your customers may be looking for."

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read a newspaper in a month. Of the total, 81 percent engage with the print version and, of that, 51 percent read print exclusively. Baby boomers account for 37 percent of print readers. Failing to learn and use social media, however, will definitely cost you money. Part of the problem with

"You should also critically examine the advertising of your competition. What are they doing? How much do they seem to be spending? Does it seem to work for them?"

social media is that a lot of store owners just don't understand how it works and how to use it effectively.

So, how does a store plan its advertising for the upcoming year? I suggest developing a budget before spending a dime. A rule of thumb that has been used for years in our business is to allocate about ten percent (10%) of expected yearly revenues to invest on advertising. If you expect \$1 million in sales, a reasonable advertising expense would be \$100K. Note that this figure is not carved in stone; it is just a guideline.

You should also critically examine your competitors' advertising. What are they doing? How much do they seem to be spending? Does it seem to work for them? What can you learn and copy from what they are doing? Running in place will not get you where you want to go.

Planning Financing Options

Store owners should continually review their ability to offer alternative methods of payment to customers. There's more to financing than accepting credit cards and providing 90 days Same as Cash. Second chance financing has become important, particularly in marginal economic geographical areas.

The importance of financing to make mattress purchases has increased over the last few years, especially with the advent of very expensive mattresses. A lot of customers will buy at the store that offers the most attractive financing options. It's not always the total cost of a product that matters, but how much money per month it will cost.

Your Store's Inventory

I hope I don't need to explain

the importance of keeping sufficient inventory in the bedding business to any Furniture World reader. "BUY IT TODAY, SLEEP ON IT TONIGHT!" How often have you heard that in somebody's advertisement? Urgency and availability are core principles of our industry. If you don't have it in stock, ABC-Down-The-Street-Furniture will. And, they will get the sale.

So, how do you plan inventory? Go back to the Floor Model section of this article and look at the floor model grid. Which are your best selling SKUs? Analyze your sales of those and stock up

accordingly. The goal of inventory control is to never lose a sale because your store does not have it in stock.

Here's one other point about planning inventory. Every store that I've ever seen has some discontinued, old, non-current stock occupying an unused, dusty corner of a warehouse. Make a thorough list of all these closeout SKUs, including their age and condition. Then make this list of available to all sales staff, and in particular, all sales managers. I have seen a lot of sales saved because somebody knew about a closeout set on the bottom of

a stack in the back of the warehouse.

Policy Review & Planning

When was the last time you

"Paying attention to your floor model plan can keep you organized in your market purchases."

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"Are your store policies

equal to or better than your competition's? Are they legal? Are they hurting your image and reputation? Does your entire staff know and understand them?"

reviewed your store's policies? Do you offer comfort exchanges; full refunds; free delivery; out of town delivery; best price quarantee; layaway, etc.? These are just a few of many different store policies, some of which may be written down. Are your store policies equal to or better than your competition's? Are they legal? Are your policies hurting your image and reputation? Are they up-to-date with today's market? Does your entire staff know and understand all your store's policies? Do you need to implement some new policies to stay up with today's market?

Now is a good time to review your store's policies and plan needed revisions for the upcoming year.

Plan to Survey Your Competitors

What do you think your competition is planning for 2019? Do you even know what they are doing now? I suspect they are planning to increase their sales at your expense; so maybe you had better check them out.

Good ways to keep up with your competition are:

- Read, watch and listen to their advertisements. Where do they advertise? What do they advertise? Are they using social media to advertise?
- Listen to feedback from your customers. Your customers will often talk about their experience in other stores; take notes when they do this.
- Talk to your reps. Reps 3. know everything and they know everybody. They will usually know if your competitor down the street is about to add a new wina to the building or a new line-up on the floor.

Training Your Sales Staff

Training never ends. I've been in this business for 28 years and I learn something new every time I pick up a sales book, or walk into a furniture and mattress showroom. Unfortunately, some store owners/managers think that once an RSA goes on the floor, that's it for training. They got that chore out of the way; done with that,

thank goodness!

Training isn't fun. It can be a burden for sales managers and for retail sales associates. But, ignoring training or short-changing training WILL cost everybody money, except for the store owner down the street who DOES train his or her people.

So, why is training, especially advanced training, so bothersome and unpleasant?

"Reps know everything and they know everybody. They will usually know if your competitor down the street is about to add a new wing to the building or a new line-up on the floor."

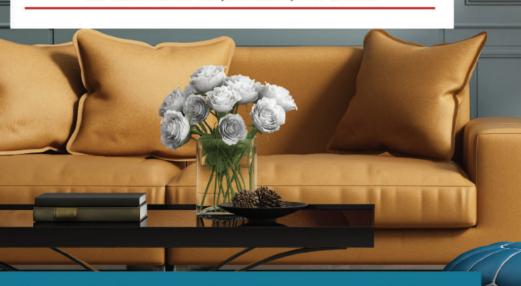


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Is it because many stores do not include training in their overall plan? Keeping your sales staff trained requires planning. Every sales manager should have an up-to-date and on-going program to continually improve the knowledge and skill of all sales personnel.

Who's in Charge?

It's critical that someone, be it a training manager, sales manager or store owner be formally in charge of planning and implementing retail sales training. Further, time must be allocated in the plan for both beginner training for both new-hires and on-going training for veteran sales people.

> How Do We Plan for Sales Training?

In writing this section, I have to



constantly remind myself that this is not an article about training; it is an article about planning. If you want to read about sales training, there are a number of articles in the Furniture World online archives.

So, what do you need to think about when planning for your sales training? First, what do your salespeople know and what don't they know? Second, what can you do, short term, to make quick improvements that yield immediate results, while waiting for your long-term plan to have an effect? Third, how do you make the training last? Fourth, how do you measure results?

Let's go over these points in a little more detail.

I once had a trainee that didn't know that sales invoices should be used in numerical sequence! That was unfortunate. So, how do you find out what your trainees don't know? Develop a written test that covers, the Five Groups of Knowledge and the Steps of the Sale.

Each RSA must take the test. If it is a thorough test, you should find out how well each member of your sales staff knows his/her job.

When I do sales seminars, because they are of such short duration, I stress one, two or three points (or tips) that can make a quick impression on RSAs. The object of this exercise is to provide something to the listening audience

"Develop a written test that covers all the Five Groups of Knowledge and the Steps of the Sale, Fach RSA must take the test. If it is a thorough test, you should find out how well each member of his sales staff knows his/her job."

that can have an immediate impact on their sales efforts.

Quick tips are fun and can make for sudden improvements in performance, but comprehensive knowledge should be your goal. A lot of training, too, is flawed by the impermanence of the learning process. Much of what we hear in training classes (or any class, for that matter) is "in one ear and out the other". A serious sales training plan must allow for student's inattention and poor retention. This can mean repeating the same material several times, with a slightly modified presentation.

Repetition can also be used from time to time to reinforce



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"A serious training plan

must allow for student's inattention and poor retention of material. This can mean repeating the same material several times."

what was learned in previous, or more intensive training sessions. I've noticed, myself, that every time I read John F. Lawhon's "Selling Retail," that I am reminded of something I learned once upon a time but had slipped out of my everyday habits. I not only

"The process of planning may be superior to actually having a concrete plan.

Plans have a way of changing. Plans don't always work."

get these reminders but I also learn something fresh and new with every re-reading. I hope that readers of my book, "How to Win the Battle for Mattress Sales. the Bed Seller's Manual", enjoy the same experience. Allow me to repeat; repetition, repetition, repetition. Repetition of material should be part of every sales training plan.

How do we measure results? • First, have all students take a final test after training courses. At very least the trainer can find out who learned the material.

But, the real test is sales performance. How does each sales associate respond to the training? Part of each training plan should be to implement a measurement device that gauges sales performance, both pre-training and post-training. Once again, measurement of sales performance has been widely discussed in past issues of Furniture World. The reader can go to the online Furniture World archives at www. furninfo.com for extensive material on that subject.

As many of us know, scoring high on a test does not always make for a successful sales associate

What's the Plan?

If you only take away one thought from this article, it should be that the process of planning may be superior to actually having a concrete plan. Plans have a way of changing. Plans don't always work. Every planner should be prepared to restart when a plan stalls. But, you need to plan! If you don't, you will wake up in a

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new world every day. So, what does a plan gives us?

- A framework to operate within
- A clearer focus on objectives
- A better chance for employee commitment and buy-in
- A clearer road to success

"Make a thorough list of all these close-out SKUs, including their age and condition.

Then make this list of available to all sales staff, and in particular, all sales managers."

All these are good things. But, don't forget. Plans can become set in stone and so rigid that they take all the spontaneity and fun out of work. Don't let that happen to you.

Next Issue: In the next issue of Furniture World magazine, David Benbow, author of "How to Win the Battle for Mattress Sales" will discuss leading edge bedding department sales management techniques retailers can use to increase employee productivity and sales in 2019 - a must-read.

About David Benbow: A twenty-three year veteran of the mattress and bedding industry and owner of Mattress Retail Training Company offering retailers retail guidance from small store management to training retail sales associates. His years of handson experience as a retail sales associate, store manager, sales manager/trainer and store owner in six different metropolitan areas qualifies him as an expert in selling bedding.

David is the author of the recently published book, "How to Win the Battle for Mattress Sales, the Bed Seller's Manual", a complete, text book for mattress and bedding retail sales associates, beginner and experienced professional alike. The book can be purchased on-line at http://www. bedsellersmanual.com or www. mattressretailtraining.com. offers hands-on training classes for retailers on a variety of subiects and online classes that can be downloaded from the websites mentioned above. David can be contacted via e-mail at dave@ bedsellersmanual.com or phone at 361-648-3775.

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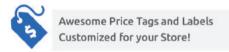
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