IT’S ALL ABOUT CASH FLOW AND SALES NOW

How One Small Independent is Achieving Them

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By Larry Mullins

Someone once said that necessity is the mother of invention.

In other words, tough times are challenging furniture entrepreneurs to think more, create more, and do better. If you operate in a smaller city, the situation in my city is probably much like yours. Furniture customers are difficult to come by and much harder to sell. Media are overpriced. What do you do if you are a small independent with limited resources?

First of all, if you are an independent with limited cash flow, don’t attempt to copy the furniture companies that are big and sluggish in changing their ways. Keep in mind that you can endure lower margins if you can maintain cash flow. Also, if you can find ways to cut advertising budgets, you can still establish an effective presence in the best media.

This article will tell the story of a small leather furniture merchant (3,800 sq. ft.) here in St. Augustine who used fresh tactics to beat last year’s numbers in November, December, and January. How he did it is instructive and worth your attention. Prepare to take some notes now and follow up with some improvements. Above all, get moving. The old saying is true: No one can steer a parked car.

Jeff Cohen (above), owner of Leather by Design, is relatively new to the furniture
industry, but he understands marketing, is computer savvy, learns fast, and he maintains his poise is this tough, tough, home furnishings market. I met Jeff last year when my wife and I had a pleasant shopping experience buying furniture from him and his associate Steve Lent. From the greeting to the delivery, things were done in a passionately dedicated way: serving the customer and making the experience fun.

**Keep Developing Media Channels**

Today independent furniture stores are challenged to use existing media channels more effectively and develop new channels to communicate with prospects. First, let’s talk about how Jeff used the best of the less intrusive media to beat last year’s figures, and began developing new media communication channels to increase market share.

**ROP Newspaper** is still cost-effective with older buyers, especially in smaller cities, and most newspapers are cutting good deals. (Keep in mind that people over 55 control about 75% of the buying power.) Newspapers in larger cities are harder to deal with for the smaller independent. The problem is cost and clutter. Getting your ad seen in a large metropolitan paper with a smaller ad or even a flyer requires some tough negotiation and wise planning (although the newspapers are much thinner these days).

Jeff made several great newspaper buys during this turndown and this was key to keeping his numbers up. He picked up a few half page ads in full color at a reasonable cost, and good placement on the weather page. The local paper also offered him a series of twice-weekly three column x six inch ads without color for a very reasonable cost. The paper still insisted on a high premium for color, so we had to go black and white. He understood that he had to use every inch of this space effectively to sell, not to “brand” or get “name recognition.” Jeff said the effectiveness of the ads was multiplied because they were all different, yet they were recognized as Leather by Design ads immediately. Check out the exhibits in this article to see how this was done. It was a real challenge to get so much information in such small space.

Perhaps the most damaging marketing error furniture merchants embrace is the myth that people do not like to read copy. The fact is that furniture retailers and graphic artists do not like to write copy. People do read copy, especially older customers. This is not a matter of opinion. It is a matter of research and fact. Jeff found that many people came into his store with his ad in their hand. It was not uncommon for them to compliment him for his
Small Store + Effective Small Space Ads = Increased Cash Flow & Higher Sales

Smaller independent home furnishings stores usually suffer more than anyone in an economic turndown; especially when these stores specialize in custom order business in an area of middle class demographics, have a limited budget and a small showroom. But a 3,800 sq. ft. store in St. Augustine is bucking the trend.

Effective small space ads were part of the strategy this leather furniture store used to beat last year’s figures for November, December, and January. At the time of this writing, the sales trend is continuing to increase in February. Read how this store also used internet, point of purchase, and people media strategies to increase market share in a downturn-suffering tourist community in Florida.
Point-of-Purchase tags can be silent salespersons

Every detail of the shopping experience must be carefully considered. Leather by Design used inexpensive custom tags to drive a custom order event. Naturally, all the floor samples must be nailed down in a store that relies upon custom orders. To improve traffic flow, the store put several discontinued floor sample frames on sale.
informative ad. Jeff’s ads contrasted with huge, copy-starved big box ads containing no benefits, no stories, and limited-information approaches.

No doubt that GOBs have a negative effect on the retail climate. There was a big one going on in St. Augustine during the same period Jeff was striving to do more business. An interesting incident occurred when an older couple shopped Jeff’s store. During a casual conversation with the man while the lady looked around, the gentleman asked Jeff: “How is business?” Jeff replied: “Not so bad. We are ahead for the year and optimistic about our future.” The man literally leaped to his feet. “I’m so glad to hear something optimistic from a store owner! Good for you!” The message here is obvious: send positive communications to your customers. No one wants to shop with a loser, or leave a custom order deposit with an owner who is dismal about his prospects.

**Most newspapers offer insert options.** These need not be expensive, full color productions. You can successfully insert a single legal-size page if it is put together with the principles of good advertising. (See “Sharpen the Saw” below.) Use both sides of a single page insert, and insert it on an off-day when you are not competing with the big boxes. If you are running small-space ads, avoid the so-called newspaper “furniture day,” Saturday. This is when there are lots of big competitors’ flyers and ads, and it will be less likely that your ad will be noticed. You want to run your ad when you are the only show in town; and if your ad is well-done and informative, people will save it.

**Direct Mail** to existing customers remains the most cost-effective and is a less intrusive medium. It amazes me that I still run into long-time furniture people who don’t have a mailing list! Jeff began building his list early on last year, using it, and keeping it current. Your customers want to hear from you. In most communities, and more so in St. Augustine, the older customer still is the best home furnishings prospect, although often a tough sell. Timing is critical, use personal messages with good stories—not the look-alike promos the big, slow to learn stores do. You can hit hard, but gloom and doom stuff that looks slick and packaged is far less effective than an honest, personal message. Custom-prepared direct mail is always best. Post cards work well if they are carefully crafted.

**Email** is becoming more and more a factor. Jeff began gathering a list of addresses from people who have shopped his store and are willing to receive his communications. This is called permission marketing. Email addresses are harder to come by, and it takes time to develop this program. But Jeff recently achieved a 3% return from his small list, the Email
Window Signs Create Traffic and Create a Buying Atmosphere

Leather by Design decided that a custom order event would be a good follow-up to their January clearance. As a traffic-builder, it was decided to announce the half-price discontinued floor sample companion event in the newspaper and to use special window signs. These were made inexpensively on colored paper by a local blueprint company. Walk-in traffic from the mall made many new customers aware of the store, and enhanced the selling environment. As a final touch, clippings of the current ads were fastened to the entrance doors at eye level.
was virtually free, and he could send it out with special software in a few seconds. This turned him on to work harder to build up his Email program. The important thing is to keep the communication open, but not to always try to sell something. Free information is always welcome. Give tips about your products, offer a free premium just for dropping in, ask how their purchase is working out.

**Website:** One of the most costly blunders furniture retailers make is not keeping their website current, vibrant and alive. Too many small stores put up a website and never look at it again. It becomes out-of-date, stale, and even a negative. Even larger stores fail to monitor their websites as they should. This is the responsibility of the CEO. He or she can delegate it, but they should make sure it is relevant and rich with current information. Jeff had a graphic posted announcing each event in turn: first his end-of-year clearance and then his custom order sale and floor sample blowout. He also posted every ad, so prospects could look them over. On his website, he has a page for floor sample discounts. He shows a weekly feature at a killer price. The story is “Come see may other discontinued floor sample bargains, there is often something new.” Each ad featured a line to visit his website, creating a synergy effect.

**Signs and Point of Purchase** are silent salespersons and should be coordinated with the event. Note the exhibits in this article, and see how Jeff continued his message on his sales tags. Jeff also posted his current advertisements on the front door at eye level.

I should address the issue of pricing. Always use a comparative retail value for your up price, and only have one tag on your goods at a time. The comparative should be reasonably calculated. “Everyday Low Price” may work for some higher end stores, but it is definitely not for promotional stores during recession times. Negotiation demands by prospects will quickly kick-in; and if your salespeople start negotiating too quickly, the price will lose its integrity. Also, if you are working on tight margins or cutting margins, if you fail to state a credible comparable value on your tag you will not get credit for the value you are offering.

Jeff used two kinds of window signs during his event. He used colored paper and coordinated them with his price tags. Because a custom-order event relies upon a higher end customer, Jeff had a companion event “All Discontinued Floor Samples ½ Price!” This increases traffic and can lead to a step-off into regular stock merchandise. Window signs and floor sample tags made the double event visible to mall traffic. He posted the current ads at eye-level on the front door.
A KILLER, UP-TO-DATE WEBSITE WILL GENERATE TRAFFIC, MAKE YOU MONEY, ... AND IT DOESN’T HAVE TO BE EXPENSIVE!

FROM THE ARTICLE: “One of the most costly blunders furniture retailers make is not keeping their website current, vibrant and alive. Too many stores put up a website and never look at it again. It becomes out-of-date, stale, and even a negative. Even larger stores fail to monitor their websites as they should. This is the responsibility of the CEO. He or she can delegate it, but they should make sure it is relevant and rich with current information. The CEO of Leather by Design had a graphic posted announcing each event in turn: first his end-of-year clearance, and then his custom order sale and floor sample blowout. He also posted every ad on his website in a timely manner.” Jeff hired a bright apprentice to keep his website up to date for a reasonable fee.
USE DOWNTIME TO SHARPEN THE SAW

FROM THE ARTICLE:

“Sharpen the Saw” means to use down time to get better and better at what you do. Review the Furniture World archives, especially current articles by myself and the other professionals who work on these issues. No one has all the answers, but the collective wisdom of this website is a gold mine, the best source of information in the furniture industry today. An excellent primer on this subject is a book, “Changing the Channel …12 Easy Ways to Make Millions for Your Business” by Michael Masterson and Maryellen Tribby. In this book you will learn (among other things) the two most important acronyms in marketing today: DRM and MCM … Direct-Response Marketing and Multi-Channel Marketing. In addition to Changing the Channels, every CEO should pick up a book titled “Guerrilla Marketing for the New Millennium” by Jay Conrad Levinson. If you don't have a trusted consultant you must take the time to learn the critical things you need to know. Jay packs a wonderful summary of his powerful Guerrilla Marketing concepts in about 100 pages. If you cannot buy and read several of his remarkable marketing books, at the very least read this one!
Jeff’s local radio options are fairly costly and cluttered, and were not used.

**Develop New Channels.** Jeff is aware that he needs to increase his marketing channels to reach more people and increase his sales. An excellent primer on this subject is a book, Changing the Channel …12 Easy Ways to Make Millions for Your Business by Michael Masterson and Maryellen Tribby. In this book you will learn (among other things) the two most important acronyms in marketing today: DRM and MCM … Direct-Response Marketing and Multi-Channel Marketing. These are critically important. Briefly, DRM is marketing that opens customers’ wallets; it is informational, highly targeted, and of explicit interest or intent. This is a different approach than “branding,” which is image-building, has broad reach and no conscious intent. I believe in branding, but now is the time to focus on stimulating direct-response from cost-effective advertising. MCM (Multi-Channel Marketing) offers customers more than one way to learn about you and make a purchase. More on these in a later issue.

I should also mention two concepts I have discussed at length previously: Decorator seminars and Shop-at-Home services. Jeff plans to work on these in the immediate future. Also in the works is a handout brochure telling the story of how Leather by Design can help create a gorgeous home environment. Jeff wants customers to leave his store with a silent salesperson, never empty-handed.

**Sharpen the Saw …**

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An excellent primer on the subject of increasing your marketing channels is a book, “Changing the Channel …12 Easy Ways to Make Millions for Your Business” by Michael Masterson and Maryellen Tribby. In this book you will learn (among other things) the two most important acronyms in marketing today: DRM and MCM … Direct-Response Marketing and Multi-Channel Marketing. In addition to Changing the Channels, every CEO should pick up a book titled “Guerrilla Marketing for the New Millennium” by Jay Conrad
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Be sure someone on your staff is trained to write killer copy, do creative ads and direct mail, and keep up with the rapidly changing advertising techniques, especially in cyberspace. Do this and you will be poised to prosper when the turn-around begins. And, there will be fewer competitors around to struggle with for the rising tide of new prospects.

Jeff’s great strength is that he is constantly striving to improve his marketing skills. This includes one-on-one encounters, a process I call “People Media.” For example, he was concerned about customers who might protest when an item is put on sale after they bought it a week before. My suggestion may be counter-intuitive to some: *Always jump at the chance to cheerfully refund a customer’s money in this situation.* (Up to 30 days or so is a reasonable time period.) This led to a remarkable episode concerning Jeff and a prospective customer. A lady who had been looking at a pair of leather occasional chairs happened to drop in to his store and say she had decided to buy. In the spirit of the philosophy above, Jeff told her he was preparing to launch a custom order event, and if she waited just a few days he could save her $100. The woman looked incredulous, blinked, and grabbed Jeff in a bear hug! She thanked him profusely. When Jeff told me about the incident I said: “You just bought yourself $10,000 worth of word-of-mouth advertising for $100.” Believe me, this is true.

We all work for an exciting industry, dedicated to making homes more beautiful and comfortable. Keep in mind that furniture is one of the very best values in the consumer spectrum. Home furnishings are more practical and important to the welfare of the family than a new boat or a new giant screen TV. You are doing customers a service when you keep them informed about your great store, helpful personnel, and good values.

For more information,
Read Jeff Cohen’s Testimonial on the next page.
“Who Else Wants to Increase Traffic, Sales, Cash Flow and Profit in 2009?”

How is a Man Who Never Sold Furniture Before Rapidly Increasing His Home Furnishings Market Share During a Recession?

“After 30 years in the music business, I found myself looking for a new venture. I discovered a small leather furniture store in St. Augustine Florida, just south of my home in Jacksonville. I immediately started my furniture research, and found a series of articles written by Larry Mullins on the web at www.furninfo.com. They were common sense, insightful articles about the furniture business.

“With barely a week of training with the previous owner, there I was, all alone one Sunday. I don’t mind telling you that I was praying for guidance. In comes a pleasant couple shopping for furniture. When I learned the couple I was working with was Larry and Joan Mullins, I explained to Larry that I had been reading his articles and had been using them to learn about my new industry. I told him that I wanted to work with him immediately.

“Since then we’ve done several promotions together, with each having greater success than the previous one. As a result, I have actually enjoyed increases in November, December and January! As I write this in mid-February, 2009, we are headed for the fourth record month in a row! Larry’s promotions are well planned with every detail worked out in advance. His fees are reasonable, and I especially like the fact that Larry won’t allow me to fail. He makes sure that I do my part and monitors the progress. An advisor of Larry’s caliber, one who is moral and ethical as well as knowledgeable and experienced, has been invaluable to me.”

JEFF COHEN, Owner, Leather by Design, St. Augustine, FL

You are due for some fresh ideas and a new promotion. Now is the time to plan a High Impact Event with me this spring or summer. Call me direct: 904.794.9212

FREE OFFER: I will be analyze your marketing issues and provide you a proposal without cost or obligation. Just give me a call or email me at ultrasales@bellsouth.net.

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 has established him as one of the foremost experts in furniture marketing. His turnkey High-Impact programs produce legendary results for everything from cash raising events to profitable exit strategies.

His book, IMMATURE PEOPLE WITH POWER … How to Handle Them will be released by Morgan James Publishing later this year. Joe Girard, “The World’s Greatest Salesperson,” said of this book:

“If I had read Larry Mullins’ book when I started out, I would have reached the top much sooner than I did.”

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