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**What can a
dealer do to
innovate?**

Is Dealer Innovation Dead?

Interestingly, some of the most innovative things going on at office furniture dealers is a return to the basics.

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When it comes to innovation, office furniture dealers might think that they have little control. They sell office furniture designed by the manufacturers they are aligned with. They sell the products based on the whims of interior designers who might be more focused on price than the best new products.

What can a dealer do to innovate? Just ask Joe Lozoski, president and chief executive officer of Tangram Interiors, a large Steelcase dealer in Southern California. Despite the economy, which has hammered away at his business -- and the business of all dealers, Lozoski refuses to stand still. Innovation is critically important, despite the economic pressures of the day, he said.

"The only way I've been able to maintain innovation is to keep moving forward," he said. "Personally, I'm on a mission to educate the decision makers on the innovative new products that are already out there. In every market there are prominent project management firms that we need to

reach out to and educate. The Genslers and HOKs of the world have the same problem we have -- that we're becoming commoditized. When you are selling based on the lowest price, you're not going to get innovation. I think we need to move up the food chain and teach those who make the decisions and design the spaces that we can still save clients money at the same time increasing the effectiveness of the office."

There is nothing particularly innovative about getting in the ear of decision makers. It is just common sense for any business owner. But Lozoski takes it to the innovative extreme when it comes to visiting decision makers and draw-

ing them to Tangram's showrooms.

Lozoski is constantly out visiting customers and when he's not, he's bringing them to Tangram, which is no small feat given the brutal Southern California traffic and the aversion to drive anywhere that isn't absolutely necessary. Lozoski took a page from the Steelcase playbook: "It's like Steelcase trying to get somebody to Grand Rapids," he said. "It might be tough to get someone to fly from New York and connect in Chicago to go to Grand Rapids. But it is easy to get them to get on Steelcase's corporate jet and fly them right to Grand Rapids."

Using the same principle, Lozoski decided to make it easy for customers to come to Tangram. He got a small Mercedes Benz bus and decked it out in leather and flat screen televisions and called it the Jet Van. He found that customers who feel driving in Southern California traffic is a headache have no problem accepting a ride to the showroom in a comfortable van to learn about the latest products and trends in office furniture.

"We have this customized van and we go out and get our customers," he said. "We bring designers to our showrooms to show them how to do spaces better. It has been a huge home run for us. The thing is busy seven days a week."

Lozoski said the problem isn't a lack of innovation from manufacturers. Many office furniture makers have new and innovative products, he said. The problem is convincing project management firms to use the new products and focus on innovation instead of simply putting together projects based on price.

"With the glut of real estate on the market, very few clients are interested in innovation right now," he said. "Everyone is operating from a position of fear. People are in a place where they are just trying to hang on. I personally make a lot of calls and talk to designers and real estate people to try to help them do a better job to recreate their brand in an organization. Some of them say, 'I don't care. I just want it for less.'"

"The story that seems to sell the best and people care about the most is when you show them how to have an effective, attractive space while compressing the real estate at the same time. There seems to be most interest in that at this time."

Interestingly, some of the most innovative things going on at office furniture dealers is a return to the basics. Dealers like Carithers Wallace Courtenay (CWC) in Atlanta are focusing more on the customer and following the money as it moves into healthcare and higher education. "To me, it's just all back to the basics," said Scott Marshall, CWC's vice president of sales and marketing and a principal in the business. "It is no secret that healthcare and higher education are where the money is right now. We're certainly not standing still."

The dealer also bought an office supply company because according to Marshall, CWC wanted to "get back to the day-to-day sales and not just chase projects." Still, the

economy makes it difficult to truly innovate. "Our industry is a laggard when it comes to the economy," he said. "I don't think it is going to get much better out there until employment improves."

Office furniture dealers can innovate, but in many ways they are limited by the products the manufacturers they carry come out with. CWC's main line is Herman Miller and Marshall said the company has always done relatively well when it comes to innovation. Office furniture dealers can innovate by focusing on why people buy the brand they carry. Marshall likened it to the auto industry: "If you are going to be a premium brand in today's world, you need buying programs that will steer customers to you. Herman Miller's S3 program is doing that by offering better prices on certain day-to-day items," Marshall said.

Sara Cook, president and owner of Commercial Office Environments, a Haworth dealer in Indianapolis, said she has focused her efforts on marketing. The company has a new tag line and marketing campaign. It held an open house and has tied in a few events a year with a non-profit organization. The company also is doing more business on the Internet and sending a monthly e-mail to potential customers.

Commercial Office Environments also is trying to innovate by becoming a total interior supplier, going beyond the office furniture by also selling wall coverings and carpeting. "I think it is important to add services and become indispensable to your customers," she said.

The dealer also is looking to innovate with its customers. Commercial Office Environments recently did a test project with Dow Agrosciences in Indianapolis to convert a former library into an innovative office space. The project used Haworth's raised floors and movable walls. The dealer created glass enclaves that were modular and far different from the panel based offices normally found at Dow Agrosciences. "They were very much into closed offices and panel systems," Cook said. "This reduces their footprint and improves storage."

Innovative projects like Dow Agrosciences are paying off for Commercial Office Environments. Commercial Office Environments just finished its best year ever with sales up 21 percent, Cook said. "Some of those efforts have paid off," she said.

To make a real difference, office furniture dealers must connect to customers and educate them about the innovation they offer, CWC's Marshall said. "I think customers are sometimes shortsighted. They are making a decision on furniture, which is a 10-year decision, but they are thinking about it in terms of the next two quarters."

"In the short term, the economy doesn't bode well for innovation. But I know Herman Miller is going to continue to do research and development and make that a point of emphasis. The times are what they are, but this won't last forever. As dealers, we need to keep our eye on the ball. In a couple of years, this whole thing is going to flip." ♣