

The Montana Project

Part 12: Efficiency

Editor's Note: The Montana Project, which began in the September 2002 issue of PFM, strives to see if business principles that work in a metropolitan market will work in a rural location. Derek and Christine Vandenberg, owners of Frame of Reference, in Bigfork, MT are working with Jay Goltz, owner of Artists' Frame Service in Chicago, IL, to apply tactics he's used in his business to their operation. In this, and following installments, we follow the progress. With the end of The Project slated for next month, Derek and Christine look back over the past year...

From Derek and Christine: Looking Back

When we first agreed to the Montana Project, Jay spent some time in our shop, inspecting how we ran our operation. His primary concern was that, with just the two of us, there would always be a limit to the amount of framing we could produce, particularly when so much of our time is taken up with gallery traffic in the busier months. Jay also noted that we wasted time and money by ordering materials (specifically moulding) from so many different suppliers.

Over the past year, we've worked hard to address the efficiency of Frame of Reference. Those of you who follow this series know that we've finally come to grips with our need to hire additional help before we can grow at the rate we want to. We're currently working on an employee manual and fleshing out a job description; we fully expect to hire someone early next spring to gear up for the crazy summer months. Freeing up time for production by hiring someone to cover the gallery will help us a lot next year. We've also improved our storage issues, and we're confident that our scheduling procedures and production levels have been fine-tuned.

The greatest impact has been, no doubt, the addition of our Wizard mat cutter, not only for the efficiency it allows us in cutting mats, but also for the vast array of cutting options that has increased profitability with a minimal time investment. In the past, mat cutting was always the biggest drain on our time, but now even complex projects practically fall together themselves.

Despite our dogged resistance to eliminating moulding vendors and corner samples, we've also become

more efficient and profitable in our ordering processes.

One of the key things we've done is to really pay attention to how we buy. With Jay working us both over and with Christine's constant monitoring of our spending and income, Derek has realized that purchasing decisions have to be made with an eye to generating the most profit. We've gone from buying from whoever is sending a delivery truck that week to planning ahead and ordering from the companies with the best price. For example, one distributor only sends a delivery truck once a month, but their price on glass is the best around, so they get the majority of our glass business. The vendor that



Derek and Christine Vandenberg, owners of Frame of Reference

sends weekly trucks gives us an excellent discount on matboards, so they get the bulk of our sheet goods orders. Another regional company stocks all major brands of matboard in addition to a good selection of moulding, acrylic, and supplies, so they get the big "fill-in" orders twice a month. Finally, another large vendor has instituted a weekly delivery truck to this area along with a good discount on moulding and sheet goods; with the added benefits of no shipping and no fuel surcharges, they've gained a significant portion of our business.

Last, and certainly not least, we've looked into box quantities of mouldings, something Jay suggested over a year ago. We're not exactly stocking mouldings yet, but we have purchased some boxes specifically for larger jobs and can see the benefits to having a select few items that we buy well and sell well, at a great profit. We plan to take advantage of vendor specials and box prices now, while we have money in the bank, so we have those items later in the year when times are lean.

Another thing we've come to realize is how stubborn we are. Jay has given us great ideas to maximize our potential, but we bet that when he thinks about Frame of Reference, he sits at his desk pulling his hair out because we don't jump at his ideas right away.

The answers always come quicker to those on the outside. Because we're incredibly independent and amazingly stubborn, our learning curve is a little steeper than most. Many of you might read what we've covered in this series and think, "Well, duh!" But we're not always ready to admit to the right answer until we first figure out why. We may miss out on some opportunities or let potential profit slip away, but that's the price we pay for caution.

Jay Says: Look Ahead

Change isn't easy. It requires an open mind, a plan, and motivation. You couldn't be more wrong about me "pulling my hair out." It takes me months—sometimes years—to get something done. I don't expect anything different from you. You've made tremendous progress and by the end of the second year I expect you will finish up your "to do" list.

The key is to keep making progress. You need to hire that person next spring, and I fully expect that you will. If you don't, you'll be starting to fail—and I believe you have the resolve not to put yourselves in that position. ■



*Jay Goltz,
owner of
Artists' Frame
Service*

Next Month: The Final Chapter