

The Montana Project

Part 2: How the Other Half Lives

Editor's Note: The Montana Project, which began in last month's 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 the principles he's used in his business to their operation. In this and following installments we'll chart the results.

From Derek and Christine: Seeing the Big City

An old adage, roughly paraphrased, states that you should not judge a man until you walk a mile in his shoes. Although our current sales volume may not put us in the same shoes that Jay wears, we still thought it would be a good idea if Christine and I visited the Goltz Group in Chicago to get a glimpse of how one successful and profitable framing enterprise is run. We planned a quick three-day trip in February, our slowest month, boarded a plane to Salt Lake City at 6 a.m. one Sunday, and caught a connecting flight to Chicago. We stepped off the plane at O'Hare at around 3 p.m., headed to the baggage claim area, and called Jay on the cell phone. He pulled up literally the moment we walked out the door. This certainly bodes well for the rest of The Project, I thought to myself.

Artists' Frame Service isn't open on Sundays, but Jayson Home & Garden – Jay's spin-off retail business – is, so that was our first stop. Jay is very proud of Jayson, and rightfully so. He took a dilapidated warehouse in Lincoln Park and turned it into a shopper's dream, with literally thousands of home décor items sharing space with lush live plants, carefully selected antiques, and fresh cut flowers. The staff has done a fantastic job of creating tableaux – miscellaneous items displayed together in a "scene" – a cross-merchandising technique that encourages shoppers to purchase things they may

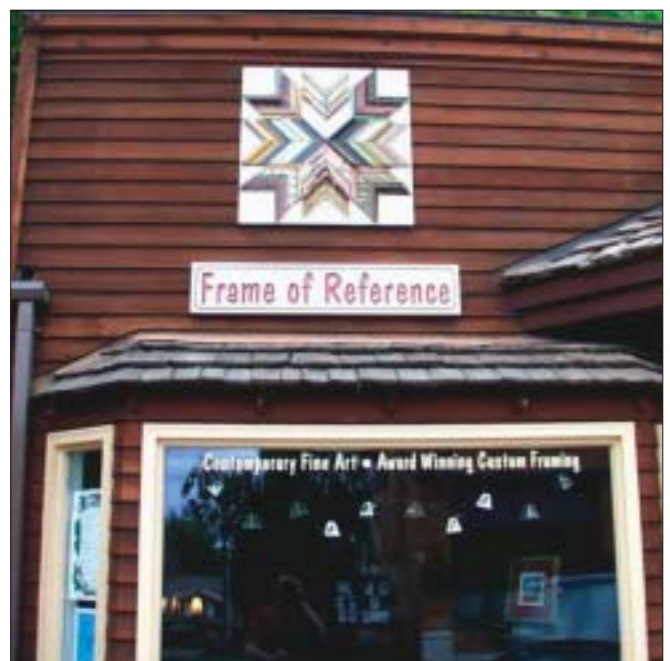


Derek and Christine Vandenberg, owners of Frame of Reference

not have thought they needed. The plants and flowers are all lovingly cared for and exceptionally healthy, a shock for those of us used to the Home Depot ilk of garden shops.

Jayson's blend of old warehouse, antique display fixtures and furniture, healthy plants, and beautiful things for the home is a raging success; in just a few short years, it has become Jay's best-known company. His message in bringing

us here first was subtle, but still crystal clear: make your store beautiful, and people will remember you.



Here, we see the old signage on the exterior of the shop. Jay's first suggestion: Make the sign bigger.



The gallery space already featured a variety of framed samples, but the floor space could be better utilized to sell non-framed items as souvenirs.

Jayson Home & Garden occupies two buildings – the stand-alone one we went to first, and another smaller location, right across the street, which is connected to Artists' Frame Service. This location features some of the same home décor items, along with custom upholstered furnishings and other furniture pieces. A large doorway – gated off on Sundays – opens into the design area of AFS, allowing framing customers to browse while waiting to design or pick up framing.

Lesson two: give people something to do, and more specifically, something to buy, while waiting for framing services. Jay's theory, which has proven true in his instance, is that home décor has more to do with framing than art does. Our experiences in Montana have been a little different, but the concept of having items around for customers to buy is very important.

After a quick trip to the hotel to check in, we had dinner at the top of the Hancock building like true tourists. Jay claims that it was the only foggy day in recent memory; it was like dining in a cloud. Still, the food was excellent...

Monday was spent meeting Jay's key people and milking them for all of the information we could get. We spent almost three hours with the production manager touring the production facility, which occupies three floors above the design showroom. The attention to detail here is amazing, with paperwork checked multiple times, alarm clocks set to warn of deadlines on rush jobs, and each employee performing repetitive motion exercises after each break period. There are specific employees performing each task, from

mounting artwork to cutting moulding, joining frames, cutting glass, staging pieces for final assembly, quality control checks, etc. The more skills an employee is proficient at, the more valuable he or she is, and pay is commensurate with this added value.

I constantly had to remind myself that, at roughly 30 times our size, AFS frames the same number of pieces in an average day as we do in an average month, and that many of the things we saw would never work for us. Still, the lesson here was instantly recognizable – organization and attention to detail are paramount, no matter how large or small your operation.

Let me share something here: Christine doesn't eat cheese. In any form. Never has, and she claims that she never will. This put a glitch in Jay's plans of having authentic Chicago style pizzas brought in for lunch. We settled for very good Chinese, consumed around the conference room table with all of our friends in "Jayworld." Even lunch came with a message – surround yourself with competent people. (The fortune cookies weren't quite as prosaic.)

(*A note from Christine:* "About this cheese thing. I never, in my wildest dreams, thought that uttering four simple words—'I don't eat cheese'—could halt the inner workings of a large organization. Everything came to a screaming halt, jaws dropped, nobody moved. Wow. So



Compared to the design counter, with the corner samples and lighting fixtures above, the rest of the store seemed a bit empty.

we had Chinese food and, contrary to Derek's belief that the fortune cookies weren't prosaic, mine said, 'Your luck has been completely changed today.' Now *that* bodes well for the rest of The Project!")

After lunch, we toured the design area with the sales manager, and then spent a little time with the buyer and sales manager from Bella Moulding before heading up to the FramersSelect offices. Each stop on the tour was further reinforcement of Jay's underlying management style—hire good people and empower them with a strong organizational model. I'd be overstating things if I said that each segment of the Goltz Group worked like clockwork, but it's not far off, really. Things work partly because of the personality Jay brings to his companies, but primarily because each facet of his business has been examined, massaged, and fine-tuned until things work like he wants them to. It seems to be an intense way to run a business the size of the Goltz Group; but I think that Christine and I can do a good job of it at our level.

We played tourists on Tuesday morning, wandering up and down Michigan Avenue, and then sat in on a meeting Jay had with a radio advertising sales rep, allowing us to see how the big boys play the game. (More on that topic in future installments.) After a hurried lunch at Superdawg, we headed back to the airport and boarded the plane home. It was a whirlwind tour, to say the least.

Did we figure out all of the answers to our questions, and did we solve all of our problems? Of course not. But, we did see firsthand that Jay certainly knows what he's talking about, and there's no question that he can help us deal with many of the issues facing a business of our size. He's been there, he's worked through the problems, and grown in spite of his mistakes. I hope he can keep us from making some of the same ones he survived.

Points to Ponder

- Make your store beautiful and people will remember you.
- Give people something to do, and more specifically, something to buy, while waiting for framing services.
- Organization and attention to detail are paramount, no matter how large or small your operation.
- Hire good people, and empower them with a strong organizational model.

Jay Says: Open-Minded in Montana

Montana. Big open places. Small buildings. Bright blue sky. Fresh air. And Christine and Derek.



Jay Goltz, owner of
Artists' Frame Service

When I first arrived at the airport, I felt like I was in "vacation mode." Although this was a business trip, I had decided to also make it a "father and son outing." You can't have too many of those, and Montana sounded like a perfect venue. I had never had an opportunity to do one of these with my father, but I'm lucky; it isn't too late. In this father-son adventure, I am the son. My 79-year-old father had never been to Montana, and he was anxious to rectify this obvious life oversight.

As soon as we got to the gallery, I was transformed back to business mode. For me, it was the best of both worlds. I was on a vacation, but I was doing business. Yippee! Or should I say, "Ride 'em cowboy!" And instead of my wife complaining that I am always thinking about business, I had my father always looking to pee. Not a bad tradeoff. Actually, he added a fresh perspective as a long-term retailer (he owned a dime store), as well as insights about marriage, except for his and mine of course!

It's a funny thing when you look at someone else's business. You see things that they could do better, and half of them *you* could do better. I've learned that the secret to improving business is 25% new ideas and 75% having the discipline to do what you know you should.

The first thing I noticed when I looked at the gallery was the sign. The *same* thing that customers notice. Their sign was nice enough, but it could be bigger. Much bigger. It not only makes the store more noticeable, but gives it more "presence." Derek said that they had discussed it before but hadn't gotten around to doing anything about it.

The gallery/showroom is a long and narrow space. The artwork is not your typical "Western art" and is beautifully framed. The entire store is empty, except for the sales counter in the back. Given that Derek and Christine get thousands of tourists through their space during the summer season, it seems a shame not to sell some \$20 to \$40 items as "souvenirs", for lack of a better term. In addition, nice shelving units can make a space

like this one more interesting and new merchandise would provide a source of interest for waiting customers.

This is an excellent example of the uniqueness of every business. This might not make sense in a bigger market where you could make a good living from just selling “better art,” and it’s important to keep a “gallery look” of open spaces and hardwood floors. In a small market, however, it is important to maximize the opportunity to sell to every customer that walks by. As it turns out, Christine had already ordered some shelving units. Foiled again.

We moved onto the back room, where there is a double miter saw and a small selection of moulding. There are frame scraps everywhere (sound familiar?), and I suggested they cut them into small ready-made frames or mirrors. For the second time, I got the “I’ve been meaning to do that.” Interesting phrase. When I say it, it sounds like a barely tolerable excuse. When someone else says it, it doesn’t sound tolerable at all. It sounds like an excuse that is holding the business down. Not only could some sales be generated from *scrap*, but valuable space was being wasted.

This brings me to my last suggestion... buying box quantities of length versus buying small quantities. For most stores, buying chop or small package quantities is an effective way of reducing inventory while still showing an excellent selection. In this case, they already have a saw and a decent amount of space. My suggestion was to be more strategic in their buying decisions so they could take advantage of bigger discounts that can be obtained when you consolidate orders. In addition, buying in box quantities reduces freight and ordering costs. Their initial reaction to this suggestion was a concern that it would conflict with their desire to offer customers as large a selection as possible. But, after analyzing their sales records and recognizing that many of the same mouldings were popular sellers, they were able to find some opportunities to get more aggressive in their purchasing.

The fact is, much of the framing you do is in the same mouldings, over and over again. And there you have it. I gave them four suggestions. Three they had already considered, and one was new. 75%-25%. Now, if only we all had someone breathing down our necks reminding us what to do. I guess they call that a boss. On second thought... ■

Next Month: Get To Work! Making a To-Do List