

The Montana Project

Editor's Note: "I'd sure like to be a fly on the wall." That oft-used phrase is indicative of human nature—we like to know what's going on with other people much of the time. This is especially true if we think we can relate what we learn to our own situation. When presented with the concept of "The Montana Project," my first thought was, "What will we discover?" Here was a chance to not only delve into the world of a retail frame business, but to do it over an extended period of time. Derek and Christine Vandenberg, owners of Frame of Reference in Bigfork, MT, want to take their business to the next level. They strive to be focused and proactive to that end. After becoming acquainted with Jay Goltz, owner of Artists' Frame Service in Chicago, IL, they began to collaborate with him to grow their operation. In this and the following installments of "The Project," we'll meet Derek and Christine and see how they tackle the decisions and growing pains that many framing retailers face. Throughout, Jay will attempt to apply his knowledge to their operation. Will what "works" in a metro area produce similar results in a rural location? Read on...

From Derek and Christine: So, What is The Montana Project?

Rumor has it that when Bruce Gherman, publisher of *Picture Framing Magazine*, wants to get a rise out of Jay Goltz, he remarks that while Jay's business advice may hold true for large metropolitan markets like Chicago, it probably doesn't apply to "The Real World." Comments like that laid the groundwork for The Montana Project. To steal a show business phrase, "Will it play in Peoria?" Or, more accurately, "Will it blow in Bigfork?"

The initial concept for The Montana Project took shape in Jay's car back in November 2001, somewhere near Gary, Indiana. (See, good things *can* happen there.) Jay and I were talking about leverage, specifically how he has used his knowledge of accounting and the sheer size of his business to continue to force the growth of his company. Brainstorming on ways to help us improve our own business, Jay suddenly blurted out, "Hey, wait a second... you can leverage me!"

Jay's idea was to share his knowledge and experience in order to help us grow our business to be bigger, better,



Derek and Christine Vandenberg, owners of Frame of Reference

leaner, and more profitable. We talked about a handful of specifics, and when I got home to Montana, Christine and Jay and I came up with a list of topics related to our business that we would examine in depth. Jay mused that it might make interesting reading for the magazine, if we were willing, and The Montana Project was born. We agreed to bare our souls and our business and be guinea pigs,

spending the next several months to try and answer one simple question: Will the dreams and schemes of a major metropolitan framer have a place in Anytown, USA?

Who We Are

Owning a gallery and custom framing operation in Montana is quite a challenge. We don't have the luxury of a distributor close by; instead we must rely on regional companies that send trucks either weekly or every other week, forcing us to plan well ahead of time. Most of our moulding comes UPS, so we've got to think about cutting instructions, shipping charges, and damaged product.

Montana has a population of just over 700,000, giving us roughly four people for every square mile—not a huge audience to play to. The median income in

the state is under \$20,000 annually, one of the lowest in the nation. Not a lot of the population would ever think of custom framing, let alone be able to afford it. We're slightly better off than most; many of the homes in our little town are owned as secondary residences by people with pretty decent incomes. We're able to sell higher end framing and good quality original art. Still, we know there's room to improve our situation.

I've been framing for about 10 years now. After studying creative writing in college, I returned to Montana and filled my days by working too many hours as the inventory manager of a large specialty sporting goods store. One day I stumbled into a local gallery looking for a wedding gift for a friend of mine. The gallery was owned by two women I knew from high school and college; while I was there they complained about their help almost as much as I complained about my current job. A match made in heaven, so to speak!

I was very fortunate to have happened upon two women with an incredible sense of design and a passion for the art of custom framing. I brought to the table an ability to conceptualize and a mechanical background from building custom bicycles—they could imagine it, and I could see it in my head and build it for them. I was able to learn color and design, and each day as a framer was truly a joy.

Shortly after getting married, Christine (who was working as the office manager for a small law firm) and I realized that we weren't terribly happy in the employ of others. After almost two years of pretty intensive planning, we picked up and moved 100 miles to Bigfork, a small resort town similar to Jackson, WY. We wrote a big business plan, borrowed a pile of money, and stumbled into a perfect location. My framing experience, Christine's business acumen, and a lot of luck has earned us a marginally successful framing business.

Christine and I are both very good framers. We're active in the industry, we travel to trade shows, and we stay current with trends and techniques. Christine does a phenomenal job of managing our sometimes meager resources, and we've got a good accountant to keep us on track. Still, as most of you out there know, owning your own business is an incredible amount of work, and, looking strictly at the numbers from a business standpoint, we're entirely average. We're in a slightly smaller than average community, we're just about the size of the average independent framer, and while we're not starving, after four years in business we're certainly not getting rich.

At the inception of the project, we are renting a house, taking home just enough money to pay the bills, and sinking the rest back into the business to try and pay down some of the start-up debt. If the statistics are at all accurate, many of you reading this are just like us. And, like us, while you may not aspire to being rich, wouldn't you like to be comfortable? I know we would.

Are You Wondering, "Why Us?"

My first real contact with Jay was about three years ago. One day after posting a message to one of the myriad of online forums for framers, the phone rang. "Derek, this is Jay Goltz. I write for *Picture Framing Magazine*."

I rather nervously told him that I knew who he was, and that we read his articles frequently. Jay proceeded to tell me how much he liked my comments online. After a couple minutes of conversation, Jay, always on the go, abruptly said goodbye and hung up. I was very briefly quite flattered that he would bother to call me for anything, let alone to compliment me. After relaying the conversation to Christine, I chalked it up as one of those cool things that happens every once in awhile, and promptly forgot about it. (Sorry, Jay.)

A couple of weeks later, I posted an online message inquiring about some guidelines for growing a business, citing my reluctance to take on any more debt. I'd always been taught that debt was a bad thing. Once again the phone rang; it was Jay Goltz, giving us the first of many sage bits of business advice.

"Personal debt is bad," he said, "but a business that is debt-free isn't leveraging its money or its resources properly. Being totally debt-free is a great personal aspiration, but it isn't a good idea for a growing business." Three minutes of conversation, and he was off again.

Next up was Decor Expo Atlanta in 2000, where Jay unveiled his FramerSelect concept. Christine and I took the information, pored over it in our hotel room, and spent a good 20 minutes grilling Jay and his staff about the particulars. We were among the first to sign on.

And, shortly after that, I came to realize that Jay Goltz and I had become friends. We discovered a mutual love of, and history, with good bicycles. Jay's oldest son is attending college in Madison, WI, where I was about 12 years ago. Maybe it's our common acknowledgement of The Simpsons as the Shakespeare of our times, or our frighteningly similar sense of humor—I don't really know. What I do know is how our relationship with Jay has helped to grow our busi-

ness. Over the next several months, we'll investigate much of the advice and encouragement Jay has shared with us, and we will track how certain things have played a profound role in our continued success. I hope it's compelling and helpful to other small businesses out there. Buckle up, because it should be a good ride.



Jay Goltz, owner of Artists' Frame Service

Jay Says: **I'm Ready to Go. Now, Where's Montana?**

I've been writing a business column for *PFM* for several years now. When I began, I had already been through 22 years of business growth—exciting, stressful, rewarding, painful business growth. I felt that, through

my writing, I could help people learn from my mistakes.

After writing for a year or two, I was feeling good. People started walking up to me at trade shows telling me how the articles had helped them. The feedback was much appreciated because, unlike making a speech at a trade show, writing an article is like talking to the wilderness. No one responds.

And then something else started to happen. I started hearing some offhand comments about how some readers have a hard time relating to me because I have “a big business;” or because they think “it works because he's in Chicago;” or that “he can't understand because his business is so different than mine.”

I must admit, in the beginning, I was a little taken aback. I had started my business by myself in my parents' basement. The next year, I moved the business to a third floor, walk-up loft with just several thousands of dollars to my name. I started to ask myself, “What part of their business can't I relate to?”

Then, two years ago, I gave in and became computer literate (although only barely). I subscribed to Hitchhikers, the PPFA sponsored on-line email exchange. It gave me the opportunity to see what framers were going through on a day-to-day basis, most of it having to do with framing and some of it with business. One particular message resonated with me. It was Derek Vandenberg writing about how he was thinking about taking on some debt, but he was hesitant, because people have taken on too much personal debt in America.

I decided to contact him so that I could discuss the difference between business debt and personal debt. While

personal debt could be a dangerous luxury, business debt could be a useful tool to grow your business. I was glad I called, because he accepted the premise and seemed to benefit from it. Over the next year, he and I had many conversations on different business issues. Whenever we finished, I felt good that I had been able to pass on the kind of insights that I wish someone had told me.

That's when it occurred to me: The doubtful are wrong. Big city business tactics can be applied anywhere—even in Bigfork. And then The Montana Project was born. I realized that if my business strategies could work in Montana, they'd work anywhere.

After discussing it with Derek and Christine, we realized this would be an great exercise to share with others. I'm sure that with such a different size market and different resources from my business, everything about the business is going to have to be looked at differently. But at the end of the day, I am confident that good business is good business, whether you are in Chicago or Bigfork!

The adventure began with Derek and Christine coming to Chicago to visit my place of business. Everything went well; they weren't afraid of the “horseless carriages” anything like that. But I found out a horrifying fact—Christine doesn't eat cheese. No cheese? That means—dread the thought—no pizza! To a Chicagoan, this is unimaginable.

At first I thought to myself, “What did I get myself into?” But I then I wondered if, perhaps, she might simply be an alien from another planet. There is a great deal of unexplained phenomena, after all.

Next came my trip to Montana. I'd never been to Montana. (Has anyone ever been to Montana?) They picked me up at the airport. (It was daylight, so the scene didn't exactly match my expectations—a shot from the end of “Casablanca.”) We drove to their gallery/frame shop. I thought: Nice town. Nice frame shop. After looking around and taking a tour, I was even more confident that there were some opportunities to grow their business at a faster pace. (Signage, store fixtures, inventory, and buying patterns, to name a few.)

We are going to explore all opportunities for growth—mentally, physically, financially—over the next year or so. I believe seeing things through Derek and Christine's eyes will prove beneficial for the skeptics out there, even if there are some things that work in Chicago that won't in Montana—like eating pizza. ■

Next Time: Bigfork to Chicago; Chicago to Bigfork. Seeing how the other half lives...