GIVING THE CONTRACT
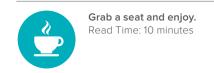# FURNITURE INDUSTRY THE TECHNOLOGY
IT NEEDS TO THRIVE

GIVING THE CONTRACT FURNITURE INDUSTRY THE TECHNOLOGY IT NEEDS TO THRIVE

Oracle NetSuite and ERP Success Partners work together to help the contract furniture industry break down its technology silos, improve operational efficiencies and gain enterprise-wide visibility.

Whether a startup company is opening an office, a bank is building a new branch or a government agency is expanding its physical location, at some point all of these entities will work with a contract furniture provider to help conceptualize, outfit and redefine those new or upgraded workplaces.

Contract furniture dealerships must respond to multiple design revisions and corresponding quotes, and account for the planning and organization that goes into purchasing

and installing office furniture for specific environments and applications. These businesses work behind the scenes to ensure the furnishings of the space perfectly suit the people who use them every day.

Managing this multipronged process from concept to completion requires flexible quoting and sales tools, good project management, extensive industry knowledge, good supplier partnerships, and a unified technology system that integrates myriad functions and tasks. This white paper explores the technology challenges that are limiting industry growth and how a unified, cloud-based ERP can help companies thrive in today's competitive marketplace.

A Growing Marketplace

Contract furniture is subject to stringent testing and certification processes and is typically sold at wholesale prices including more extensive warranties and custom options than residential products.

The Business and Institutional Furniture Manufacturers Association estimates the size of the North American office, education and health care furniture market at $18.42 billion. This includes $16.1 billion in sales in the U.S., $1.64 billion in Canada and $687 million in Mexico. IBIS World estimates that the office furniture manufacturing industry is currently at about $27.5 billion in annual sales.

Led by vendors like Herman Miller, HNI, Knoll, Steelcase and Haworth, the U.S. office furniture market is experiencing a healthy annual growth rate of 5.49%, ResearchAndMarkets reports. The surge in startup companies is helping to drive that growth, it says, noting cities like San Francisco, New York, Boston and Los Angeles as a few of the major "hotbeds" for office growth right now.

Directly impacted by growth in the broader office furniture market and by changing customer preferences (e.g., demand for more customized options), contract furniture providers are well positioned for growth. And while issues like tariffs, transportation and logistics, steel and general material costs, and health care expenses are the most frequently cited threats to the industry's success, individual companies are also grappling with their own set of challenges.

Many of these operational hurdles are directly related to the complexities of running a contract furniture products and services company and the way in which these organizations have historically procured and implemented technology.

"A lot of contract furniture providers are running their businesses with multiple systems and using anywhere from five to 10 different pieces of software that aren't integrated, and that don't 'talk' to one another."

Marcus Dallacqua, Partner, ERP Success Partners

This creates some daunting challenges for organizations:

- Duplicate data entry across multiple systems is tedious, labor-intensive and introduces errors.

- Maintaining and upgrading multiple, standalone systems is expensive and strains IT resources.

- Standalone systems can't interact or collaborate, and neither can their users.

- Poor information management (i.e., no organizational dashboards for tracking overall business performance).

- Hiring more people to support processes (i.e., lack of scalability).

"We leveraged eight years of getting our hands dirty in the industry and came up with a solution that replaces much of a dealership's existing programs with the NetSuite platform. And it is faster to implement, usually only 6-9 months, depending on the individual situation." **Marcus Dallacqua**, Partner, ERP Success Partners

Diving deeper into the contract furniture industry, many companies are using proprietary, on-premise business software that was developed in the early-2000s or as far back as the 1990s. Fast-forward to today and the companies that are using newer, cloud-based solutions can readily collaborate with business partners and customers, upgrade their systems without having to shut down their entire operations, and take advantage of all the technological innovation over the last 10-20 years. Relying on these antiquated programs, many contract furniture providers operate siloed technological infrastructures that lack modern features and functionalities.

"A lot of the companies can't connect into new systems or take advantage of the latest software capabilities," said Dallacqua, whose firm offers an implementation approach that was developed specifically for the contract furniture industry. It developed CFI Suite after working with a number of dealers in the contract furniture industry and uncovering some of the major technology gaps they were grappling with.

An all-in-one solution built on the NetSuite platform specifically for the industry, CFI Suite's key functionalities include customer relationship management (CRM) for contract furniture dealers, SIFF to quote importer, AP automation, order acknowledgments and a customer center.

Breaking Down the Silos
Many contract furniture providers have interior designers and sales reps on staff that, once the client approves the plan, work with major contract furniture manufacturers to order products and have them delivered onsite. From there, the contract furniture provider handles the installation, project management and whatever else is needed to create a fully-functioning office environment for the customer.

From concept to completion, this complex process involves many different moving parts, all of which must be orchestrated by the primary contract furniture provider. When that provider is using disparate technology systems that require manual data entry, redundant tasks and produce a high rate of errors, everything from productivity, efficiency and customer service can suffer, as well as the dealer's gross profit.

"Dealers are frustrated with the fact that they're working with all of these different systems," Dallacqua said, "and also paying for those platforms, which creates a lot of headaches, data errors and 'busy work' for their teams."

That lack of innovation within their business systems creates frustrations for companies, which can't take advantage of the many user-friendly financial and accounting management tools that have emerged over the last five to 10 years.

"A lot of manufacturers' systems were built in the 1980s, when there was no way to do account reconciliation, integrate with a financial institution or take advantage of other functionalities that are pretty standard today," Dallacqua explained.

Today's systems, for example, allow companies to receive hundreds or thousands of invoices into their business systems without any manual intervention.

CFI Suite has already built an integration for OrderBahn, an industry-specific AP Automation Tool developed by Analytix Biz Management. OrderBahn enables powerful automations but many dealers can't take full advantage of these benefits because of their limited business systems. Integrating CFI Suite and OrderBahn not only saves labor dollars and

Unique features of the Contract Furniture Industry (CFI) suite include:

- Customer Relationship Management (CRM) for Contract Furniture
- SIF Import Tool
- Customer Deposit Requests
- Synchronized Invoicing
- Document Capture for Invoice Automation with OrderBahn
- Purchase Order Acknowledgements
- Backlog Reporting
- WIP Accounting and Reporting
- Vendor ChargeBacks
- Vendor Pre-Payments
- Furniture Maintenance Agreements
- Ecommerce Customer Center
- Mobile Access

allows companies to reallocate staff to more important tasks, but it also eradicates hand-entering data and other redundancies.

"Many companies don't even have these basic functionalities," said Dallacqua, "nor do they have any way to integrate their programs with one another."

To help the contract furniture industry break through these and other challenges, ERP Success Partners offers an all-in-one solution made specifically for the industry.

Using these and other platform functionalities, contract furniture dealers can gain visibility into data, increase profitability by making better and informed decisions, increase scalability, and manage multiple locations and legal entities on a single, integrated platform. Companies can also use the platform for managing field employees who need modern, mobile communication tools that support seamless interactions and collaboration.

"When someone is out in the field handling an install or dealing with punch issues (work orders that require fixes), he or she needs to be able to communicate back to the home office quickly, get a new purchase order to the furniture manufacturer and resolve the problem," Dallacqua said. "The fastest and most efficient way to do this is with an ERP that supports mobile access."

MEADOWS
office interiors

USING TECHNOLOGY TO PUSH BEYOND THE LIMITS OF THE CONTRACT FURNITURE INDUSTRY

"Not only do we sell a tremendous amount of furniture, but we also run our own warehouses and have a dedicated service division. So, we're not only tracking furniture orders, but we're also dispatching service technicians, billing for those site visits and handling all our other tasks through one ERP platform." – **Dana Justus,** Executive Vice President, Meadows Office Interiors

Operating in a highly specialized industry, this woman-owned contract furniture dealership utilizes a cloud-based ERP to streamline its operations, gain visibility over its accounts receivables and expand its operations.

Specializing in innovative workspaces that help companies improve business performance, increase collaboration, realize cost efficiencies and build brand recognition, Meadows Office Interiors prides itself in offering a turnkey experience for its customers. By pairing 50 years of industry experience with the latest technology, the company embraces innovation and remains committed to providing exceptional customer service and building lasting client relationships.

Based in New York, where it has two showrooms, Meadows has about 80 employees and is contract manufacturing firm Haworth's third-largest furniture dealer. A nationally-certified Woman-Owned Business Enterprise, Meadows is a diverse supplier for many of its clients.

In addition to its core furniture business, Meadows Office Interiors also built Meadows Service Group, which manages ongoing maintenance, cleaning and repairs of existing furniture, as well as Meadows Technology Group which focuses on creating proprietary apps like Meadows Workflow™, which streamlines project management functions.

The Road from Manual to Automated

Up until about six years ago, most of Meadows' business functions were managed using a combination of manual processes and spreadsheets.

"There was no transparency or visibility into what was going on," Justus said. "We knew what we were supposed to do today, but we had no idea how what we were doing was impacting other departments, or how those tasks related to the overall project that we had on the docket."

That changed when Justus came onboard in 2013 and started asking questions like, "How can you run a business like this?". Having used NetSuite in the past, the team started looking around at the options that were on the market at the time.

"We looked at all of the business systems that are specific to the contract furniture industry (e.g., TeamDesign, CORE, Khameleon, E-Manage One), and did demos with all of them."

As simple platform primarily designed for procuring furniture, none of those options fit Meadows' vision for a comprehensive business management platform. For example, it wanted to be able to do some sales forecasting, track those opportunities, manage customer service, and develop a full-service, sales and customer-focused organization.

"That's when we decided to go with NetSuite," Justus said.

A Trusted Partner

Working with NetSuite solution provider ERP Success Partners, Meadows determined which functionalities would be best "out of the box" and which would need to be customized. Calling the furniture procurement process "a tricky business," Justus said certain issues had to be addressed in order for the platform to meet Meadows' unique needs.

Most items that Meadows sells are customized, for example, and no two are alike. It also has hundreds of vendors to manage, thousands of deliveries to track and warehouses of inventory to keep tabs on.

One NetSuite customization involving vendor management, for example, allows Meadows to track its suppliers, ensure that all documentation has been signed off on and determine which markets those suppliers actually service—something that was largely just tribal knowledge before the platform was implemented.

"In the past, we weren't able to track any of that," Justus said, "because the information was written down in a notebook or on someone's Rolodex. We had no repository to house that data."

In addition to being a trusted resource throughout the implementation process, ERP Success Partners also served as a training resource, a support structure and a sounding board.

"There are a lot of nuances to it, namely in terms of the way we invoice our customers and handle vendor billing. Being a little different than the norm, we worked closely with ERP Success Partners to wrap our heads around those unique requirements and figure out the best way to tackle them."

Dana Justus
Executive Vice President
Meadows Office Interiors

> ## "We have an amazing working relationship with ERP Success Partners, which is basically like another arm of Meadows."

Dana Justus, Executive Vice President, Meadows Office Interiors

Racking up the "Wins"

Today, Meadows' business is much more streamlined, automated and efficient than it was just six years ago.

"We're definitely on top of our billing, which wasn't always the case," Justice said. "Our A/R is monitored very closely thanks to the reports that ERP Success Partners helped us create."

This is an important "win" in an industry where a single project could easily be worth $10 million, and where Meadows has to closely monitor deposits, installment payments due and final project balances. "We're not talking about $50 here; we're dealing with large amounts of money," Justus said. "We can't just have A/R hanging out there."

Going forward, Justus said the company is exploring the use of subscription billing through the NetSuite platform and also looking for new ways to integrate its suppliers into the platform. "That would help us avoid double data entry, which is yet another potential point of failure in our system," Justus said. "Being able to exchange data electronically will be one of our next pushes."

As an organization, Meadows is also looking to expand its service division and create opportunities for recurring revenue that go beyond the traditional "sell the furniture and move on to the next project" model.

"We continue to support our clients over the long term by offering furniture maintenance," Justus said, "while also expanding our technology division while continuing to grow our furniture sales, which is still our bread and butter."

Don't Get Left Behind

The contract furniture industry ranges from dealers that have $10 million or less in annual revenues all the way up to organizations that closes $300 million in business every year. The manner in which the CFI Suite is modularized and priced by user makes it the right choice for companies at both ends of the scale. CFI Suite gives companies an industry-leading ERP that's been specifically designed to meet all of their unique needs.

In return, dealerships can do more business with a smaller investment in labor, allow employees to work on more mission-critical tasks and reduce the potential for errors and rework. These "wins" translate into clear competitive advantages for contract furniture industry firms that need a platform that's been completely customized and configured to meet their needs.

"Unlike other 'boxed' systems that are available on the market, CFI Suite allows you to customize and configure the platform to the way you want to do business. This allows companies to build their business processes around their actual needs, versus forcing them to manage those processes in a certain way."

Mark Rhyman, Partner, ERP Success Partners

Ultimately, the Oracle NetSuite-ERP Success Partners combination helps companies in the contract furniture space gain access to real-time data, business intelligence and analytics that help them make better decisions and take more effective actions.

"A lot of times, these organizations are flying blind and don't even know whether they're profitable or not," Rhyman said. "There's data that they need to have visibility over that they haven't even thought about."

There's another reason contract furniture dealers need to pay closer attention to the technology behind their business. For the first time, suppliers are opening up their networks to dealers that want to use cloud-based ERPs to interact and do business with them.

"This is helping dealers grow faster, more efficiently and more profitably," Dallacqua said. "We're on the cusp of this right now, and any dealer that's still working with an antiquated, closed business system will soon be left behind."