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# Homecrest Outdoor Living proving it's here to stay

By Kristine Ellis

WITHIN A few weeks of returning to Homecrest Outdoor Living as its new COO this summer, Mark Fillhouer had plenty of evidence to support his decision to leave a job he loved in South Carolina and return to the Midwest.

"We've owned Homecrest furniture all of our adult lives," Bullinger said. "When I heard that there was an opportunity to purchase the company, I thought, 'Wow!'"

Although he didn't know the industry, Bullinger knew how to bring companies

(sidebar). "Not one person at Market asked us how long we were going to be around," Bullinger said. "Instead, their comments were 'You guys are really serious about this.'"

Bullinger then added depth to his management team. Scott Coremin, who has many years' experience in the indoor furniture industry, was named vice president of sales and marketing last May. Fillhouer, named COO in August, was well known to the outdoor furniture industry, having served as Homecrest's national sales manager from 2000-05.

Since then, management and employees alike have worked to differentiate the new Homecrest from the old in an effort to start rebuilding its leadership position in the industry.

## New business model

"To be honest, I love the new products we have but I'm more excited about our new sales programs," Fillhouer said. "With the help of our sales team, dealers can be very enthusiastic about the opportunity to come back on board with us and see how they can manage their sales floor and back room differently."

One mistake made by the old Homecrest, said Fillhouer, was its focus on the end user rather than the retailer.

"We build furniture for the consumer, but our customer is the retail store and if they can't be profitable selling our product, then we are not going to be part of their line," he said. "So we are offering programs this fall that give them the opportunity to make some decent money."

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Mark Fillhouer, left, with Mike Bullinger inside Homecrest Outdoor Living plant.

"We're not completely through the second year [under new ownership], but I get the feeling from what I see and the number of phone calls I've had that dealers are beginning to develop renewed faith in the company and that's fantastic," he said.

Like an irrepressible Phoenix, Homecrest went through two bankruptcies before being born again in January 2008 when Mike Bullinger, president of Bullinger Enterprises of Fargo, N.D., purchased the company assets and began rebuilding.

Bullinger had no experience in the outdoor furniture business, but he was well acquainted with the brand.

back from the brink, having done it most recently with a farm equipment manufacturing company.

As president of Homecrest, Bullinger quickly got the manufacturing plant in Wadena, Minn., back up and running, and had a new collection to show by the 2008 premarket. Not surprisingly, twice-burned retailers were more interested in whether the company was going to be around than what was on display.

The situation improved by the fall when, just four days before the 2008 Chicago Casual Market, Bullinger announced the purchase of Innovative Surfaces (see

## COMPANY REPORT

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Central to Homecrest's new business model is allowing dealers to have an assortment of product on the floor without having to make a significant investment in inventory, and backing that up with a promise to ship orders within a week. According to Bullinger, Homecrest has a 99.8% success rate in meeting its shipping goals with most product leaving the plant in three days.

The key was going back to the basics.

"We realized that we don't have to offer 175 fabrics, for instance," Bullinger said. "Instead, we decided to concentrate on the collections dealers wanted."

For 2010, the quick-ship program will encompass three introductions as well as some existing products, along with new frame finishes, colors and tabletops. The company will also continue to offer an early buy program for retailers willing to make the inventory commitment.

The new Homecrest employs about 70 people, significantly down from the old Homecrest's peak workforce of about 600. Fillhouer believes being a much smaller manufacturer is a strategic advantage in the current economy.

"We can afford to focus on these new programs without relying on the dealers to make huge investments in inventory," he said.

That said, he is well aware of the danger of too much success. Dealers who might have given the old Homecrest 15 floor slots gave the latest reiteration just a handful. If the work done in the past year to rebuild the brand's credibility pays off—and Bullinger and Fillhouer believe it will—double digit growth in the coming season isn't unrealistic. But will the plant be able to handle the volume?

"Even if we see our floor spots going from two or three to five or six, that's a 100% increase, and that kind of growth can be very difficult to manage if you are

## Innovative Surfaces offers potential

For many in the casual furniture industry, Bullinger Enterprises' purchase of Innovative Surfaces last fall was an indication that Homecrest Outdoor Living's newest owners were serious about rebuilding the brand.

A pioneer in the faux tabletop market, Innovative Surfaces operates as a stand-alone enterprise while enhancing Homecrest's product line. The company was moved from Phoenix to Wadena last year and currently employs 12 people.



not prepared for it when it comes," Fillhouer said. "And you can be sure that we are spending almost every minute of every day preparing for just that."

### Not the same company

Fillhouer sees building trust and expanding Homecrest's dealer base as the company's biggest challenges. But separating the new from the old isn't only an internal challenge. A good share of the manufacturer's employees have been with Homecrest for many years. Because they continue to work in the same building producing some of the same product under a brand name that is basically the same, it isn't surprising to hear an occasional "that isn't the way we used to do it" comment.

That's exactly the point, Fillhouer said.

"We are not the same company, and that's the toughest thing to get used to," he said. "People need to step back and remove themselves from that history, then still be able to use that history to make us even better."

Changing the plant culture was on Bullinger's mind from the start. In addition to

cleaning up and painting employee areas to give them literally a fresh start, he sat down with them all and asked for their help in creating the new Homecrest.

Employee input has been critical to the many operational efficiencies that have been put in place.

"Our workforce is very proactive in coming up with process improvements and sharing ideas. They've got great ownership in the decision-making process, which is a noticeable change from a few years ago," Fillhouer said. "It's a smaller, leaner operation and people do more than one task, which is refreshing."

Despite the effort to distinguish between the old and new business, there is one area of the original Homecrest that Fillhouer is determined to nurture.

"Over the years Homecrest had so many firsts in the industry, like the first swivel rocker, some of the comfort products that were truly unique to their times, adjustable tables and other things that at the time nobody else did," he said. "So we are challenging ourselves to get back into being an innovator." 