

THE VOICE OF THE HEARTH, BARBECUE AND PATIO INDUSTRIES

NOVEMBER 2009

# HEARTH & Home

A PUBLICATION OF VILLAGE WEST PUBLISHING

PRICE \$6



## ***The Best Way***

Phil Pogorzelski has built a thriving business doing things his way.

2010 TRENTON

# HOMECREST *Revived*

*New owner Mike Bullinger sees himself as a coach; he knows how to provide the proper tools to the right people, then get out of the way.*



Mark Fillhouer, COO.

**M**ike Bullinger knows something about turn-arounds and comebacks. He's a CPA by training and an entrepreneur by instinct. He likes companies that make useful, practical things. He likes creating synergies that enhance efficiency. He's a good-humored, common-sense kind of guy.

So when he had the opportunity to buy a bankrupt company with a well-known name and great product reputation, he bought it.

At the time, Wil-Rich – maker of field cultivators, chisel plows and harrows in Wahpeton, North Dakota – was down to 11 employees.

That was a few years back, before Bullinger turned them loose to focus on what they do best. The company finished 2008 with 200 people employed in two plants. Its equipment is known throughout America's heartland and, by a partner's estimation, is favored over other brands of tillage equipment available in Russia and Ukraine.

How did Bullinger do it? He'll tell you he can't take credit for the company's success. All he did, he says, was rely on veteran employees, work with partners who knew that particular business, and this:

"We went back to basics," says the man from Fargo. "The gentleman who owned it in the interim lost focus on who they were and what they were. We just went back to the basics. What was Wil-Rich? And what are they good at? We just took it from the bottom up. We asked for employee input and

became successful at it again."

Now Bullinger is applying that same philosophy to his newest acquisition, Homecrest, the venerable casual furniture maker in Wadena, Minnesota.

Bullinger purchased the assets of bankrupt Homecrest and reopened the plant on Feb. 11, 2008. Seventy employees were recalled to join the new Homecrest Outdoor Living.

Five other parties had been interested in Homecrest's assets, Bullinger says, but it was apparent to him that he was the only potential buyer who would keep Homecrest in its hometown.

Don Bottemiller, Homecrest's former CEO, had worked hard behind the scenes with Minnesota economic developers and the parties holding the assets of his former company to find a buyer that would keep Homecrest in Wadena, population 4,300. With Bottemiller's 11th-hour intercession, Bullinger says, a deal was struck.

"The name Homecrest and the intellectual properties were 24 hours away

from going to China," says Wadena Mayor Wayne Wolden. "We worked voraciously to make this happen, and it did, thank God."

Bullinger, who sees his business role as that of a coach, asked the Homecrest team simply to "get back to basics. Who was Homecrest? And what did they do?"

The swatchbook of 170 fabrics was trimmed to 70. Frame colors were reduced from 14 to eight. About 40 percent of the collections in existence when the plant was last in operation were eliminated. Homecrest aimed to be lean, build quality product at a competitive price, and deliver on time.

Attendees at Pre-market 2008, Bullinger's first exposure to a casual trade show, greeted all this with skepticism. Homecrest's turbulent recent history of financial problems and management changes made buyers and retailers wary.

Bullinger recalls not being able to talk much about products, prices and orders

in summer 2008. "Every customer who walked in the door said, Well, how long are you guys going to be around? We never got the chance to talk about buying from us," he remembers.

And by this time, with six months of fresh production experience, the plant was having its own issues. Glass tabletops from China were in short supply. There were quality problems with goods from a nearby vendor of custom tabletops.

The response of the Homecrest team was to correct deficiencies and be even more prepared at the September 2008 International Casual Furnishings Market. Homecrest returned with a new Web site, "a killer catalog" and a newly acquired sister company that told the industry Homecrest was for real.

Bullinger Enterprises purchased tabletop-maker Innovative Surfaces of Phoenix, Arizona, and moved the manufacturing equipment to Wadena. There was plenty of room in the old Homecrest factory, which Bullinger had acquired along with

the Homecrest plant built in the late 1990s.

Between Pre-market and Market 2008, Bullinger recalls, "Everything we talked about, we accomplished."

Retailers responded with orders that generated about \$10 million in sales during its first season, Bullinger says. The company promised a one-week turn-around on orders, "And we've actually beaten that. We went through the season at a 99.9 percent delivery rate in three days or less. Our customers don't want to house a lot of inventory."

In the most challenging year in memory, the relaunched Homecrest finds itself in an enviable position. The 200,000 sq. ft. plant was built to handle \$100 million in sales volume. The paint lines are state-of-the-art. "I bought it as a used facility, and I got a bargain on it," Bullinger says.

Minnesota extended an array of incentives to Homecrest Outdoor Living for creating manufacturing jobs in an economically depressed rural county. The



Mike Bullinger, owner of Homecrest Outdoor Living in Wadena, Minnesota.

company will pay no property taxes for years, he says.

While many companies saw 2009 sales fall in comparison to 2008, Homecrest Outdoor Living started with a fresh set of books. "I look at the year and say, Man, what a successful year for us," Bullinger says. "Everybody else says, We're off 30 percent."

Everyone in the factory and in management did what was necessary to make the year successful, he says.

"At one time, Homecrest was the leader in this industry. And I truly believe that we can be there again. We have all the parts and pieces to make this thing successful and survive. If we take care of all the little problems that we have,

to be huge for them."

The younger Bottemiller was once national sales manager for Homecrest. He now heads the contract and commercial divisions for the retailer Freuhauf's, in Boulder, Colorado.

Don Bottemiller is a director of Homecrest Outdoor Living and a minority shareholder. "I am engaged in some thinking about future products," he says. "We've got a couple of things in the works that are exciting," adding that his role is "98 percent on the sideline."

Homecrest named a 30-year veteran of the interior home furnishings business to become vice president for sales and marketing. Scott Coremin most recently worked with Ashley Furniture. One dif-

equipment company, Wil-Rich, buys long metal springs from an Iowa producer; a disk ultimately goes on the end of the spring to make a harrow, which is pulled by a tractor to break ground.

That same Iowa plant supplies shorter springs used in Homecrest's motion chairs.

The Homecrest paint line now powder-coats all the springs, long and short. The long springs then are shipped to the Wil-Rich plant in Wahpeto, North Dakota.

Homecrest paints other tillage-implementation parts before transit to Wishek, North Dakota for assembly.

"We've got some real synergies here," Bullinger says. Homecrest's steel and aluminum welders may one day work on farm equipment as well as furniture.

Bullinger is serious about his role as coach. He lets the people behind the scenes speak whenever possible, to talk about their efforts and share their passion for what they do.

At Pre-market, supervisor of engineering Stacy Brichacek presented Homecrest's three new collections to a meeting of sales reps. It was the first trip to the Merchandise Mart for the Homecrest employee who started out as a production employee in 1999.

"I was the spokesperson for our internal designers," she says. "It was great. I was proud to tell the reps what came from the heart."

That's the kind of passion that will make Homecrest successful, Bullinger says. "I have nothing to do with the success of the organization, personally," he says. "It's those people in Wadena and the people in Fargo that have helped. That's what makes the company successful. I just bought the business and gave them the tools."

One more thing about a good coach: He always knows the score.

When Bullinger called in that first group of Homecrest veterans to restart the company in 2008, he related how the deal closed just hours before a competing offer arrived from China. The jobs, the equipment and the Homecrest name – everything but the legacy – could have vanished from Wadena.

The roomful of re-hired employees and town officials listened raptly. Then Bullinger revealed a placard designed to resemble the scoreboard in a high school gym, a placard that remains today in the Homecrest employee lunchroom. It says:

Wadena	1
China	0
The crowd roared.	



Workers celebrating the placard in the lunch room at Homecrest.

we'll be a successful big company."

In August, a veteran of Homecrest returned to Wadena to become chief operating officer. Mark Fillhouer worked with the company from 1998 to 2005, when he left to join Ekornes, a Norwegian furniture company. The former Wadena city councilman says he's glad to be back.

He's back in the same building, seeing a lot of the same faces, he says, "and yet it's a very different place. We have a different attitude and outlook. It's a lot of fun."

Mark Bottemiller, son of longtime Homecrest chief executive Don Bottemiller, says landing Fillhouer is a coup for the company. "He knows the industry, and he knows the company really well," Bottemiller says. "That's going

ference he immediately noted, Bullinger says, is the passion retailers have for Homecrest. "They're rooting for us!" Coremin told Bullinger.

The casual furniture industry will assess Homecrest Outdoor Living based on product quality and value, fashion, delivery and service. And that's as it should be.

But Homecrest's true edge in the global marketplace may be in how it works with other Bullinger companies to maximize resources and trim costs. The man from Fargo constantly looks for opportunities to do just that.

For instance, who would have thought that farm equipment and casual furniture parts would come from the same supplier? It turns out that Bullinger's farm