



The Second Generation

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By Rob Kirkbride



By any measure, the office furniture industry is a tough place to make a buck. The competition is brutal, hours long and jobs demanding -- a career choice sure to take its toll on a family. But that is not stopping a new generation from entering the business. Because of its age, the office furniture industry is in the prime of ushering a new generation into the fold.

These are the children of those that founded the companies -- in many cases the second generation that is entering the

workforce and choosing to follow in mom or dad's footsteps into the world of office furniture. Some grew up with the industry while others never wanted to be part of it but were pulled in because, well, that's what they know.

Most of the stories told regarding the second generation in the industry come from the largest companies. Everyone knows about Frank Merlotti and his son, Frank Merlotti Jr. at Steelcase. Merlotti Jr. oversees the company's Coalesse brand and the senior was a legendary Steelcase executive. The same

is true of G.W. Haworth and his son, Dick Haworth, the former chairman of his father's company who (semi) retired to make way for his son, Matthew Haworth. Matthew Haworth's story is a bit more interesting.

Matthew Haworth joined the family business during the summer of 1983 with a job in the Holland Panels plant. In 1991, Matthew Haworth started with the company full time and has since held a wide variety of roles in marketing, manufacturing, sales, planning and purchasing. During his career, Mat-

thew Haworth led the company's largest single business unit as director of product line marketing and management for the office furniture systems business. He oversaw the growth of the newest systems product platform and the development of a global product management process, leading that business group to company-leading growth.

Since 2004, Matthew Haworth has served as part of the governing board for the company. He has participated in guiding Haworth's global strategy, setting performance targets for the



management team and evaluating performance of the management team. In 2008, Matthew Haworth moved from the operational side of the business to undertake a period of intensified professional development aimed at assuming a more in-depth leadership role in the company. This role increased his involvement with the company's global business. Last year, he was named chairman.

While the ascent of the industry's elite within the largest companies is an interesting study in business transition, the fascinating stories about parents, their children and the office furniture industry can be found in smaller (and growing) companies. Starting with this story (and adding more throughout the year), MMQB will take a look at the next generation entering the office furniture industry, how they got here and what they hope to accomplish.

Based on his energy level, drive and ambition for his company, DIRTT, Mogens Smed is a demanding boss. He expects a lot from his team and keeps a close eye on the growing business, expected to reach \$100 million in sales this year. He runs an office with a high level of energy that can move quickly to respond to customers and potential projects. And he's not afraid to say what's on his mind.

So why would his twin sons, 26-year-olds Jordan and Clayton Smed, decide to join the family business? Simply put, they grew up around the former Smed International and DIRTT enough to know they could learn something from their father's organization. Both graduated with university degrees in entrepreneurship and both now work in project management at DIRTT.

"They started working for me when they were 8 years old," said Mogens Smed. "They worked in the factories when they were teenagers and on job sites. They have always been part of the family business."

Jordan Smed finished college first and started with DIRTT almost immediately after the company was formed. Though he and his brother are all business at the office, office talk is left behind when the family gathers socially. Most of the talk at the Smed dinner table revolves around golf and hockey. The company comes in a distant third. "DIRTT is a good place to get started and learn," said Jordan Smed. "It is a great fit for me right now. I love working here."

Still, the entrepreneurial spirit runs deep in the Smed family. Jordan Smed said he has aspirations to some day start his own business, perhaps in another area of the office furniture industry. Until then, he plans on learning as much as he can at DIRTT. "For the most part, everyone treats me like any other employee because I act like any other employee," he said. "No one gives me a hard time about my father being the boss because I try to work harder than everyone else around me."

Clayton Smed joined the company later, but he still feels like he's been working with his father forever. "I remember sitting in the back seat, dad in front seat making phone calls," he said. "I guess I was learning through osmosis. I never knew I had all this hidden experience."

Clayton Smed said he had no intention of working at DIRTT until he was close to graduating from college, though like his brother, he worked summers at Smed. His brother helped change his mind. "I saw how much my brother enjoys work-

ing here," he said. "Our personalities are very similar and I thought, 'Maybe I'll give it a shot.'"

As far as receiving preferential treatment from their father? "No," Jordan said with a laugh. Clayton added that their father would "do everything at all costs to avoid favoritism in the workplace." Many people outside DIRTT wouldn't even know they were his sons, Clayton insists. And with coworkers, it's all business.

Mogens Smed said he leaves his sons alone to do their jobs. Their pay and responsibilities are commensurate with their jobs. "Quite frankly, they are very capable at what they do," he said.

"People who know us and the friends we've made at DIRTT maybe gave us shit for the first half hour they knew us," Clayton said. "A lot of people here have known us since we were little. They don't care. People really don't care (that we are the boss' sons) because this is such a high paced environment. We have to get the job done."

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While some in the second generation of the office furniture industry follow the same path as their fathers, others follow them into the industry and branch off on their own. Such is the case with Paul Friant, owner of Friant & Associates, an up-and-coming West Coast office furniture maker.

Friant grew up submerged in the office furniture industry as well. His father was an office furniture dealer in the San Francisco area. Friant started at a dealership himself, but in 1990, started a company that serviced office furniture dealers with one- and two-man jobs. His crews would install smaller items like visual boards, cabinets and desks.

He added remanufacturing, refurbishing and cloning Herman Miller Action Office II panels. Soon after, the company started making its own worksurfaces and opened a manufacturing shop. "We thought, 'Hey, with all the tools we have here, we can make a desk,'" said Friant.

In 1997, the company started its own manufacturing operations in Asia. Unlike many companies that outsource furniture production, Friant started its own plant and set up manufacturing and operations to make U.S.-designed furniture at an overseas plant. The company was making furniture there, not simply importing it. Products brought into North America are finished at the company's plant in Oakland, Calif. In recent years, the company has worked hard to grow its product line and dealer base.

Friant designs and manufactures high-end office systems, at prices the company says are unmatched in the industry. The company's product lines include two panel systems, wood and laminate casegoods, reception units, conference tables, seat-

ing and accessories. In addition, it offers customs as well. Integral to its business philosophy is "keeping a fair pricing structure based on our actual costs, not industry standard rates."

The company has 125 employees in Oakland and another 350 oversees. Friant also is an owner of Yangzhou Cubespace System Furniture Inc., a joint venture of China Cubespace and Friant. The Cubespace company conducts business worldwide and has completed projects in Kuwait, India and South America. Though Cubespace does much larger projects than Friant (usually in the 1,000 to 3,000 workstation range), the North American market still accounts for about 70 percent of Friant's business (the company entered the Canadian market about three months ago).

Most of the company's business has been in California and Nevada. About three years ago, Friant decided to go national. It now has dealerships throughout the country and is covered by 55 individual reps and two vice presidents who manage sales.

Despite the recession, the company grew 20 percent last year alone, in large part because of its low price point and high quality. The company features a five- and 10-day shipping program and other standard offerings. Unlike most companies, the five-day shipping program is the least expensive by 20 percent. "If you need it now, with Friant, you pay less," Friant said.

The savings come from the company's ability to "spin" its products coming from Asia. The company has a 250,000 square foot warehouse in the U.S., yet it turns its inventory every 45 days. With that much product running through the system, the disadvantage of having to wait for shipments to come from overseas is minimized.

Friant said he learned a lot from his father and his office furniture dealership roots. Though the industry benefits from its ability to do things quicker, he hopes to make furniture ordering, specifying and installing easier for everyone by taking a page from the 1980s. While he certainly doesn't want to return to a 12 week order/install cycle, he would like to see the industry take more time at the front end of the order and installation process to eliminate some of the mistakes and problems at the back end.

And like all small office furniture manufacturers, Friant is looking for dealers to partner with -- an easier proposition now that price is such a driving factor.

"I think we're going to have some fun," Friant said when asked what the next five to 10 years will bring. "I know what I want: To provide just in time high-end products at an affordable price while being able to support the job from a project management standpoint very quickly. We might not have 45 colors to choose from, but we have 20 of the best. We might not have 200 chairs, but we have 30 of the best and they are ready to deliver."

The second generation is making a statement in the office furniture industry. And it seems they learned their lessons well. The industry is in good hands moving forward. †

If you have a story to tell about the second generation entering the office furniture industry, send your ideas to rob.kirkbride@mmqb.com.