

“Gibbons Launches Expressions Buy”

By Clint Engel

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CORONA, California – **Michael Gibbons**, former chief executive officer of **Krause's Sofa Factory**, has begun investing in **Expressions Custom Furniture** and expects to gain a majority stake in the upholstery specialist next month.

Gibbons doesn't want to discuss details until the process is completed, but said top Expressions management is expected to remain on board, and that current owners will continue to hold a stake in the privately held company.

“I'm excited about the opportunity, and once the acquisition is completed I'm looking forward to expanding the business and putting it in the right direction,” he said.

Gibbons has created an investment company called Y.L. Holdings to handle the acquisition. It will buy a majority of Expressions stock and gain control of the vertically integrated retailer's board of directors.

Expressions currently is owned primarily by Heller Equity Capital Corp. of Chicago and an investment partnership controlled by Palisades Associates of Bethesda, Maryland.

The acquisition, which involves recapitalizing the company, will be completed by July 10 if all goes as planned.

“In the last 18 months, the business has been searching for a course of action and a management team to implement that course of action,” Gibbons said. “I'm looking forward – with my involvement – to leading the business back to its former glory and grow from there.”

Gibbons already is heading the 70-store, Top 100 company, although key Expressions executives remain and are assisting his efforts.

Gibbons resigned from his posts at Krause's Sofa and parent Krause's Furniture early last month, citing plans to return to his interests in venture capital and business acquisitions.

“I left Krause's because I was ready for more adventure,” Gibbons said. “But I didn't think I'd find one or have one come to me so quickly.”

Like Krause's, Expressions is a custom upholstery manufacturer and retailer. With 75 stores at the end of 1994, Expressions generated sales of \$54.6 million for the year, up 9% from 1993. Ranked No. 62 on Furniture/Today's 1995 Survey of Top 100 Furniture Stores, most of Expressions' stores across the country are franchises.

The company, with its up-scale mix of upholstery and some other home furnishings, targets a slightly different consumer than the midpriced Krause's, which is based in Brea, California.

Last year, Expressions re-structured its management team and moved its headquarters from Metairie, Louisiana, to Corona in an effort to refocus operations. Corona is a few miles east of Brea, and home to one of two Expressions production facilities.

The restructuring involved the resignation of part owner Ken Kwit as chairman and CEO. Bill McVay, who had headed Expressions' manufacturing facility, was named president.

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Last September, at the time of his promotion, McVay noted that Expressions’ profits weren't growing at the same strong rate as its sales and number of stores. The company planned to dial back its expansion plans and concentrate on service to franchisees, he said.

Expressions was founded in 1978 by Eric Aschaffenberg, who sold it to Heller, Palisades and Kwit in 1992. At that time, the new owners predicted Expressions would grow to 150 to 200 stores and \$150 million to \$200 million in annual sales by September 1996.

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Note: Expressions Furniture, Inc. was acquired by Fairmont Capital, Inc. and its co-investors in June 1995. Krause’s Sofa Factory (aka, Krause’s Furniture, Inc.) was acquired by Equivest Partners, Inc. (the predecessor name of Fairmont) in May 1986. Michael Gibbons co-founded Equivest/Fairmont.