

“Slimmer Expressions Poised for Growth”

By Clint Engel

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AT THE MARKET – The new owners of **Expressions** only recently completed acquisition of the retailer, but they have spent four months cutting fat and unprofitable operations and now are preparing for steady growth.

Through an investment in Y.L. Holdings, **Michael Gibbons** and two partners acquired a majority stake in struggling Expressions early this month.

The partners are Doug Vunder, president, and **Mark Gill**. Both are former executives of **Krause’s Sofa Factory**, where Gibbons was chief executive officer before resigning earlier this year.

“Our franchisees have continued to do well the last few years,” Gibbons said of the 67-store national chain with 58 franchised units. “The problem was the parent company wasn’t being run very well.”

Gibbons, chairman and CEO, said Expressions had been run for the past three and a half years by a group that didn’t understand the furniture industry. The former owners designed the business with the intention of quickly growing the chain to 100 stores. This, however, didn’t happen, and Gibbons and his new team have spent the summer cleaning up the parent’s inefficiencies.

“We went after the overhead with a chain saw,” Vunder said.

About one-third of the work force – about 125 people – was cut, and Expressions shuttered the severely under-used Corona, California manufacturing facility – picked up with the 1993 acquisition of Stylus in Southern California. Gibbons moved all production to Tupelo, Mississippi.

Stylus had been unprofitable even before its acquisition by Expressions, losing \$30 million over a 10-year period, Gibbons said. It has been one of the chief headaches Gibbons and his team have faced.

Of the four unprofitable stores Expressions has closed recently, two were Stylus units (the others were company-owned stores in Atlanta and Pittsburgh). Two more unprofitable Stylus stores are scheduled to close later this year.

Gibbons and his team managed to cut more than \$75,000 in weekly costs out of the operations.

“We did all of that and we’re producing the furniture faster than before,” Gibbons said. “Now we can concentrate on building the business.”

Among other things, Expressions is looking for ways to boost its already high sales-per-square-foot figures. It also wants to add about five franchises next year, possibly high-end, small independent retailers, who are tiring of the other problems associated with the business.

Possible future locations, where the company is under-stored, include Southern California (in better locations than in the old Stylus stores), New York and Massachusetts, but Gibbons said he won’t tie himself to any market.

Expressions will continue to operate a few company-owned stores to test merchandise and marketing ideas, but Gibbons wants growth to come from qualified franchisees, and Expressions expects to be highly selective.

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It’s that strong base of existing franchises that’s been one of the real strengths of the company, Vunder said.

Indeed, the company wants to franchise out a few existing company stores in Houston, Indianapolis and Denver.

Both of Gibbons’ partners were former employees of Krause’s Sofa Factory, which Gibbons headed until earlier this year. Vunder was general manager of Krause’s when Gibbons came on board and was promoted to vice president of retail operations before leaving to join a fabric protection business. Gill was a former chief financial officer of Krause’s.

Despite all the cuts the new team has made, the essential parts of Expressions’ parent company remain intact, Gibbons said.

Ronna Griest remains in charge of the company’s merchandising and design team, and Bill McVay, former Expressions president, remains on the board, though with different responsibilities.

McVay’s background before being elevated to president was in manufacturing, and he is now vice president of manufacturing, Gibbons said.

Expressions’ operations continue to be split between a production facility in Tupelo, design, marketing and merchandising offices in Metairie, Louisiana, and a new corporate headquarters and warehouse in Placentia, California, in Orange County. But today the company is many times more efficient than it was before the new investors took over, Gibbons said.

Gibbons projected the Top 100 retailer will generate sales this year of about \$55 million, and a little more than \$60 million in 1996.

The high-end, vertically integrated retailer does about 30% of its business in tables, lamps and accessories from other suppliers.

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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 and Mark Gill are principals at Fairmont.