

FIRST THE BAD NEWS:

NEW JERSEY'S FIRST HOME DEPOT RENTAL CENTER SLATED TO OPEN IN DOVER

ARA-New Jersey Treasurer, Tom Lade, forwarded the following article clipped from the *Morristown Daily Record*. It was written by their reporter, Michael Daigle.

"DOVER - The board of adjustment and Home Depot officials reached an agreement this week on the store's plans to add a tool rental outlet to its Mount Pleasant Avenue site.

Board attorney Kurt Senesky will draw up a resolution for action to be taken at the board's Aug. 11 meeting which will include approval for a 2,000 square foot rental center, a 700 square foot storage area and two seasonal outdoor display areas.

The deal was struck Wednesday night following three hours of discussion. Home Depot representatives said they would remove a request for an outside storage area along Mount Pleasant from the proposed site plan.

That storage area was criticized by board chairwoman Judith Kodewyn because the store has been using the area to display trailers, in violation of the current site plan.

Attorney Jeffrey Lehrer, representing Home Depot, agreed that the store had violated the site plan, but said it was related to the growth of the businesses old store.

James Lambert, site development coordinator, said many potential customers of the rental center, which will be aimed at contractors and do-it-yourselfers, already shop at the store. The rental center would be built adjacent to the lumber area, with access through the main store and from the main parking lot."

THEN SOME GOOD NEWS

The following article, excerpted here, was written by *Bergen Record* columnist, Joan Verdon, and appeared recently under the headline:

TRYING TO OUT-FRIENDLY MOM-AND-POP HARDWARE STORES

Home Depot on Thursday launched the first wave of a battle for Barry Fradkin's customers, but Fradkin isn't too worried.

Fradkin is the owner of Ludewigs Hardware in Teaneck, and the Home Depot invasion involves a new chain called Villager's Hardware. The first one opened on Route 18 in East Brunswick and Home Depot executives are claiming to have "recreated the hardware store."

What they've created is a store about a third the size of a Home Depot warehouse (35,000-40,000 square feet vs. 120,000). Although Villager Hardware

stocks some of the same nuts and bolts and power tools as Home Depot, it doesn't sell sheet rock, lumber or industrial-size containers of joint compound.

Home Depot stands for "home improvement" while Villager's Hardware is a "home enhancement" store, Home Depot executives say. It's a place to go when you're sprucing up a room rather than remodeling, according to Bob Wittman, the Home Depot executive behind the new store.

Villager's Hardware also has borrowed a few features from Barnes & Noble: a small cafe in the front of the store and a reading lounge in the center where you can relax with a home improvement book or watch an instructional video.

But Fradkin and other store owners I interviewed aren't too concerned that Home Depot has picked New Jersey as the test site for the new store. (Four stores are planned for New Jersey). After all, Fradkin points out, he's been in business 80 years, "we survived Channel, we survived Rickel - they hit us all and they're out of business and we're still here.

Richard Tumminello of R&M Hardware in Pompton Lakes, agrees. "Lowe's, the Home Depot, Villager's - they all chase each other. The mom and pop hardware stores have something the Home depots and other chains can't provide - the moms and pops.

"Our big thing is customer service. We basically know everyone who comes in. We have women come in with pieces of sheet rock with notes on them from their husbands. Would Home Depot want their people to spend a half hour with someone who needs a pound of sheet rock nails?

I stopped at Maywood Hardware in Maywood to see if owner Henry Miller is worried about Villager's Hardware. He isn't.

"If they're going to hurt anybody, maybe it's going to be Sears." He predicts a store the size of Villager's will have trouble attracting and keeping knowledgeable salespeople.

"Basically what you have to do is provide good service, you have to keep your shelves stocked, know your merchandise, and know your customers," Miller said.

Villager's new store offers 1,000 advice and information signs and believes it can succeed where others failed by doing a better job and providing customer service. The hardware

store owners we spoke to all agreed that "signs are not service, you need someone who knows what you need for a project and can walk you through it."

"They always have their top people there when they open a store, and then they take them off to open the next store. They're going to have problems with their staff."

Subtitute Home Depot Rental for Villager's hardware and it appears hardware people are thinking the same as those of us in the rental industry. If you've been to ARA-New Jersey meetings recently you are aware that the most experienced among our members have stressed that Home Depot can be beat by offering the personal service they are not equipped to handle.

HEY, FOLKS, WE'RE ALL IN THIS TOGETHER!

Steve Kohn of Miller's Sales and Rentals recently rented equipment (tables, etc.) for a computer expo show. The show manager recommended Millers to the exhibitors and Steve happily accepted the additional business without expecting any problems. As we all know, one of the unwritten laws of business states: "If it looks like it's going to be smooth sailing, you surely must have overlooked something."

As you might expect, one of the exhibitors out of Ohio paid promptly but did so with a rubber check. This check bounced so high that it came down with a nose bleed. OK, so everybody makes mistakes and most people will acknowledge them - but these people were not "most people." No amount of letters, phone calls, Faxes, or e-mail elicited a response from them. Steve was at the point of writing it off when he happened to talk to a fellow rental dealer from Ohio. He told him of his problem with the Ohio dead beat and Mr. Fellow Rental Dealer said, "Let me check around and see what I can find out." And that's just what he did.

What he found out was that a number of rental dealers in Ohio had been stiffed by this same company. One of the "stiffees" said they had the company in collection but there was little hope for success because of the small amount of money involved. Steve who, if nothing else, is determined, contacted this last rental dealer. After discussing the options, Steve's loss was added to the pending suit to bring it up to an amount that would make it worthwhile for the credit agency.

A happy ending is in the works. There's a good chance now that at least part of their losses will be retrieved. All this because some ARA members came together to help each other. As Steve is fond of saying, "It pays to belong to the ARA!" (he includes, of course, the ARA of New Jersey, too).

YOUR ARA-NJ CALENDAR

August 11th - Board Meeting - Board members to be e-mailed details.

September 15th - Regular ARA-NJ meeting at A1 Tablecloth Company of Hackensack, expert on OSHA will be featured speaker.

October 20th - Board Meeting - Board members to be e-mailed details.

October 31st - November 3rd - ARA's (National) Regional Baltimore meeting

November 17th - Regular ARA-NJ meeting.

Members to be advised of location and program.

SUPPLIERS CONSOLIDATE

Although the rental industry has experienced turmoil in recent years due to consolidation., our suppliers are undergoing the same experience. You'll recall that at one time, King Arthur was, by far, the leading supplier of tables to the rental industry. In 1985 the firm was purchased by Shelby Williams, a giant in the hospitality furniture market. Subsequently, the emphasis on the rental market decreased and other players such as Palmer-Snyder and Maywood became our prime sources. Now, in a David eats Goliath scenario, Falcon Products, Inc. with sales of 143 million annually has purchased Shelby Williams with sales of 166 million.

You've never heard of them? Well, here's a rundown on the players. Falcon Products makes commercial furniture for hospitality, office, fast food restaurants, and food service markets. the company has national accounts with various quick service restaurant chains, such as McDonald's. Falcon furnishes its customers with chairs, tables, bar stools, benches, and even outdoor furniture. The company has manufacturing operations in China, the Czech Republic, Denmark, Mexico, and in the US. Sales to international customers account for about 10% of Falcon's revenues. Founder and CEO Franklin Jacobs own 22% of the company. In February of 1998, Falcon acquired Howe Furniture Corp. and Johnson Tables, both in Trumbull, Connecticut. Specializing in contract and training tables, the Howe/Johnson purchase brought a strong tradition in the contract office industry under the Falcon umbrella while bringing a majority of the manufacturing responsibility into the Newport plant. Despite the fact that Falcon has a total of 2.2 million square feet of manufacturing space, Maywood Furniture does a lot of out-source manufacturing for the firm. The firm recently traded at \$11 on the NYSE (FCP) with an annual high of 13 1/2, and a low of 7 1/8.

Shelby Williams industries designs products for the contract furniture market. It makes Shelby Williams seating, Sterno furniture accessories, and King Arthur room furniture for the hospitality and food service markets. It also makes Thonet chairs for health care facilities, offices and dormitories, and distributes Sellers and Joephson vinyl wall coverings and SW Textiles. The company sells to hotel and food service chains, colleges, casinos, retirement communities, hospitals, and other customers. It has 1.7 million square

feet of manufacturing space. A recent price on the NYSE (SY) was \$16.50 with an annual high of \$16.75 and a low of \$8.87.

Finally DeSaussure Equipment has been manufacturing folding banquet tables for Howe (div. of Falcon) for over 70 years. They are known as the Howe 200 series. About ten years ago, King Arthur started manufacturing a table to compete with the Howe 200 series and called it the MC series. In response DeSaussure started manufacturing plywood tables similar to the King Arthur 100 and 600 series under the name of Maywood furniture. Subsequently, Maywood became a major player in the rental market and King Arthur has lost favor.

The question now is where does DeSaussure/ Maywood stand in its manufacturing agreements with Howe now that Howe's parent company owns competitor Shelby Williams (King Arthur)? Ken Perrson, Vice President on General Manager of DeSaussure/Maywood informs us the firms lead them to believe that there will be no changes, at least not for the present. The firm has just come through the biggest four months in its history. Its volume from the rental market has virtually exploded.

How does this affect the rental industry? We project that near term affects will be minimal. Maywood and Palmer-Snyder will continue to be the major players in our market with Midwest, Monroe, McCourt and others nipping at their heels. In the long term, only time will tell. As firms consolidate and become larger and larger, their marketing and pricing power in bound to make a difference, just as it does when rental stores consolidate. In any case, with so many manufacturers in the market, rental firms are bound to benefit from the activity. Let's hope so.

Submitted by Steve Kohn, this article is a reprint.

FROM THE "VEEP"

I learned a valuable lesson recently. One of my responsibilities as NJ ARA Vice President is to put together the programs for our monthly meetings. In case you didn't notice, the May meeting was canceled.

As you know, the Spring is a very busy time in the rental industry and it's no different in my business. I didn't plan far enough in advance for the meeting and got caught off guard. It's hard to believe because the meetings are held every other month, but it happened.

I vowed this won't happen again. The September meeting was booked in June. It's a good topic too, Jim Lease will talk to us about how to comply with OSHA regulations and pass an inspection. The November meeting and January Social are also in the process of being scheduled now so we're back to where we should be as an organization from a scheduling standpoint.

How does this relate to you? Maybe you will take a closer look at how you do things. Everyone can use improvement in scheduling, planning or day to day operations. Maybe I struck a chord with you and helped prevent something similar from happening to you. Or maybe you have an idea for a future meeting. If so, please call me at 973/835-8439, send me a fax at 973/835-7312, or an email to bhiggins@rentalins.com.

Brian Higgins

SEPTEMBER'S PROGRAM

"Everything You Ever Wanted to Know About OSHA but Were Afraid to Ask" might be a good title for September's program. Our featured speaker, Jim Lease, is an expert on OSHA. His business, H K Medical Services, Inc., specializes in OSHA-proofing his client's businesses from preparing for inspections to being present through the inspection process to insure their client's rights.

Knowing what to expect and how to deal with it will dispel the terror rampant in most rental stores when OSHA is on the prowl. A little knowledge, in this case, can be most helpful to relieve unnecessary stress. It would pay you or your managers to attend this meeting.

Also to be included at this meeting is the introduction of a new chair available for rental. We're told it has all the best qualities of plastic and wood but none of the disadvantages of either.

THE SEPTEMBER MEETING WILL BE HELD AT:

A1 Tablecloth Company of Hackensack!

A1's CEO Murray Vale says they've been "beating the prices off" competition for over ten years. Their line includes tablecloths, napkins, skirts, and chair covers/sashes and they custom sew to customers' own fabrics.

They carry a wide variety of colors and fabrics to choose from: from polyester, poly-cotton blend, to tissue lame and satin stripe. The newest addition to their line, Cott'n Eze, looks and feels like cotton (holds a fold, absorbs at 85% of the efficiency of cotton and has a good "hand," yet wears and washes like polyester (stain resistant and colorfast). If you think that's enough, you're wrong. they also carry sparkle organza and washable satin to use as great toppers. "And don't forget" Murray adds, "our 90" wide polyester Wellington Damask for beauty at a low price!" This allows A1 Tablecloth to offer up to 90" round or 90" x 90" with no seams.

A1 prides themselves on their quick turn-around. Most orders called in or faxed by noon or 1 PM are usually shipped the same day and never later than the next.

Murray's background includes banking, advertising and sales promotion and he's proud of his background in service oriented businesses. Obviously they're doing something right and, when we get there for the September meeting, you can bet we'll get a peek at how it's done.

Watch for directions in next "RAG"

Rent-A-Ghost

Anyone who saw us that evening would wonder what a grown man and a little boy were doing in a cemetery at dusk on a dark, dank, rainy afternoon. They'd be even more puzzled if they knew we didn't have even one living relative (dead relative, actually) in that graveyard .

It began innocently enough with a conversation between my grandson and me. He's an inquisitive 7-year-old with a wild imagination. Earlier we'd been discussing the ghouls that inhabit cemeteries. I must note that I did not bring up the subject. He did, and I don't even remember how or why it came up that day as we drove home from school.

He went on at great length about monsters in cemeteries and especially those he categorized as ghouls. His descriptions were quite vivid. My mind's eye saw each apparition down to its sharp, pointy, gray toenails. I was wrong to let him go on but he was so earnest - as only the innocent can be.

Eventually common sense led me to reign him in and, at the risk of losing our rapport, I suggested, as a responsible adult should, that perhaps he was imagining these ghouls that hang out after hours in graveyards.

"Oh, no, Pop," he said, "they're real!"

I hinted then that TV might have influenced his ideas about graveyards and ghouls.

"Gee, Pop, I know that what's on TV is make believe," he protested, "but this is real stuff. We talked about it at school."

"And what did your teacher say about it?"

"She wasn't there, we talked about it at recess," he explained.

This called for drastic measures. "Suppose you and I go to a cemetery one night so you can see for yourself there are no ghouls there?" I said.

I didn't hear the "Not me!" I was expecting. What should have been "Not me!" came out as, "Wow, great!"

Excitement filled the car. Fortunately his seatbelt confined his exuberance. The last thing I wanted to do was lead a 7-year-old through a cemetery in the dark of night - my mind has its own ghouls to tame, I did not need to adopt his. Then, out of the blue, a stroke of genius:

"Before we can go, your mom will have to say OK," I said (I knew better than to give veto power to his practical joking Dad).

I was home free. What mother in her right mind would send her child into the spirit world? Not my daughter - especially with a grandfather she already considers a flake? Comfortable in the knowledge that I had defused an uncomfortable situation, I drove on smugly answering an avalanche of questions about what I knew was our "never-gonna-happen" upcoming field trip.

In the middle of dinner that evening the telephone rang. Our family's Ghoul Maven was on the other end of the line.

"Guess what, Pop," he said, "Mom says it's OK for us to go to the cemetery!"

I was speechless but that didn't matter because he kept talking. When he had to take a breath I was ready to jump in with the perfectly sane suggestion that we reconsider this. Any self-respecting seven-year-old would have whined and pouted and cried but not this one. It was soon evident that he was prepared for rejection.

"BUT YOU PROMISED!" he pleaded. He was right, I promised. There was nothing for me but to hold up my end of the bargain.

And that, my friends, is how Pops and his little buddy wound up in the rain in a dank, gray, unfriendly looking graveyard. We strolled among the headstones, cold, wet and clammy, discussing life and death and Heaven and hell. To be honest, it was a beautiful bonding experience and, now that I've been through it, I wouldn't have missed it for the world. Of course, though I'd never admit it to him, it would have turned into a rout if even one of his ghouls made an appearance.

Is there a lesson here? Certainly. I learned that a mother will sacrifice her own father so as not to be the "bad guy" to her child.

I suppose it's too late to put my daughter up for adoption.

Carl Sparacio



ARA of NJ
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Revised: