

As seen in May 2017 issue:



Are you ready for another store?

Ask for help

If you've done your due diligence and you truly think your business is ready for expansion, the next step may be asking for help from a qualified real estate professional. **Julius M. Feinblum**, founder and chairman of **Julius M. Feinblum Real Estate**, has more than 30 years in the business of finding furniture retailers their ideal locations, and he offers his insights. He finds it's currently a good climate for furniture retailers. "The economy for furniture has been good, and the business is strong on a pretty general basis," **Feinblum** says. "They survived the rough years, so existing ones have got the grit, the personality and the perseverance. The other thing is we're getting a tremendous amount of big box downsizing." In **Feinblum's** opinion this is a positive for furniture retailers because the demise of big box locations opens up some larger retail spaces they can grow into. Finally, while he understands the internet has changed the way all generations shop, he still feels that when it comes to furniture, it's hard to do that well on the internet. "There are too many problems in handling the product. This still keeps the furniture store retailer alive and important to the consumer," he says. No matter where you stand in terms of expanding your furniture store, **Feinblum** stresses that timing is everything. "Even if you're not thinking of expanding you should be aware, because you don't know when your competitor will take a spot. If there are three furniture retailers in town, one wants to retire, one wants to grow and one wants to stand still. The one that wants to grow will beat out the one that wants to stand still."

Are you ready for a second store? Every home furnishings store owner wants their business to grow. What's tricky is when that growth prompts a second desire: Opening a second location. Before taking the financial leap, here are a few questions retailers need to ask themselves:

How's your flagship store doing? Your current store doesn't need sofas flying out the door, but let's face it, it certainly helps. It's all about the security of your business because opening a second store is more than duplicating the steps you took when you opened the first store. Mark Loos, a consultant at Consulting Services Methodology in California, says the second store needs to survive on its own. "You really have to look at the second location as a first location. It's got to be able to stand on its own. A lot of people don't look at what it takes to actually find the employees to support the location, the right insurance provisions, what kind of zoning they're going into, there are still unknowns."

How are you choosing your second location? Answering this question requires doing some serious homework, says of **Julius M. Feinblum**, who specializes in commercial real estate for home furnishings retailers. Look for a neighborhood that lacks — and needs — your furniture, says **Feinblum**. After all, you're trying to find new customers who are similar to the ones you already have. Once you've identified where your prospects are, look into what's required to do business in that neighborhood. What is the average rent price? Is there a sign ordinance? Is parking available? What are crime stats? Do your homework.

How will you maintain value and customer experience? There's probably two main reasons your first store is successful: value and customer experience. Can you duplicate both of these at the new site? Before you say yes, plan on putting in a lot of hours because experts suggest retailers run both locations until the desired customer experience is achieved. Only when you're satisfied should you hire a manager to take over one of the locations.

How will you fund the second location? The ideal scenario for funding is your own money and stay away from banks or investors. Investors will typically want a 40% rate of return, but even if you manage to pay them back in full, they still own 40% of your company. Most banks, on the other hand, will only ask for 10% return on a loan. **Don't forget:** If you turn to a bank, they're going to be looking at your accounts receivable, debt collections—all your financial statements that can be audited.

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