

Interior Design for the Real Estate Industry

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Inventory and How to be a Shopping Queen!

I have so many things to share and it is my goal that this handout will be valuable and useful to you as you build your business. I will be sharing this from my personal experience over the last 15 years in using this business model. I want to include all of the information that I wish I had when I was starting out. And I will be providing specifics, sources, phone numbers, and names to make this a useful tool for you. I want to help guide you in your planning and choices, allowing the maximum flexibility as your business grows. I would advise to go slow, be wise in your purchases, and to become a true shopping expert—and Queen.

Business Model and History

I have chosen the business model of a home staging business that uses my own inventory. I have never rented furniture and began building my inventory 15 years ago. When I began my business I had no working capital, no credit, and I used the furniture out of my own house in order to stage that first house. And I have not looked back. I now have sufficient inventory to stage 60 homes at any one time and stage consistently approximately 350 homes per year.

Advantages of having your own inventory

- 1. You can create purely custom interiors defining your own style.
- 2. Delivery and availability are completely in your control.

- 3. You determine and receive the rental income from the furniture.
- 4. The furniture becomes an asset to the business and you can sell it.
- 5. The ability to purchase at a wholesale level opens many new income streams.
- 6. I have found it a personal advantage in saying that "I own my own inventory" when bidding against stagers who rent furniture. I really do not know why. Perhaps it gives the perception that I am a more established business.
- 7. It is a great source of passive income. In 2010 we generated an additional \$213,000. in revenues from furniture rental.
- 8. You can sell your furniture raising additional income.

Disadvantages of having your own inventory:

- 1. You absorb the loss as your furnishings can be damaged, dirty, used and abused.
- 2. You must figure in your warehouse expenses in housing the inventory. Figure an average warehouse minimum cost is \$.55 per square foot.
- 3. You should cover extra insurance on your furniture in case of fire, theft, or something catastrophic.
- 4. Sometimes you have to assemble the furniture.
- 5. It is a financial commitment.

Become the Shopping Queen!

Shopping for my inventory is one of my favorite parts of my business. I can picture something—a look that I want to achieve—and put it together from scratch. Building a successful inventory can be fun, creatively exhilarating, and draining at the same time. And it can be time consuming and exhausting. If you have passion for your work, I believe you will find the planning and building of your inventory to be an important part of the development of your "look" and brand. It is power shopping, or industrial shopping, at its best. Be prepared, have a plan, and let the games begin!

There are 9 key components in putting this kind of business model together:

1. Know your Market! Know your Demographics!

First step is to identify the demographic of the buyer you are going to try to attract. Know the neighborhoods that you will be working in. Is it a strong family neighborhood? Professional couples? Lofts? Ranchers? Farmhouses? High end homes? Condos? What is your market??? Know the architectural style and expectations of the buyer in those neighborhoods you wish to work. You can find this out by driving through the neighborhoods and getting some information. Do some research on the internet as to what agents work that neighborhood, and if they currently stage. Go to their open house on a Sunday and introduce yourself.

Do you stage mainly vacant houses or "enhancements" adding your inventory to the seller's furnishings?

Once you identify the buyer and the style, you can begin to put together your shopping list. Much of the information below is based on staging vacant houses, but there are plenty of sources for accessories and lighter furnishings as well.

Children are a much stronger buying power than most give them credit for. If you are staging homes in a strong family neighborhood, I would suggest encouraging the seller and agent to expand their staging budget to include at least one children's room. If the children are enthusiastic about a home, they wield tremendous influence. Also integrating that demographic in the staging will go a long way.

2. Resale License/ How to get Started

Your first step is to get a checking account, State Resale number (available through the tax franchise board in California), and Federal Tax ID number. I would also advise a credit card under your company name. When I opened my checking account, they gave me a small credit card limit, and I built up that limit over the years. If it has airmiles or other perks, so much the better. How you finance or pay for your inventory is a personal choice. I bought as I went along and grew, paying cash. This allowed me to organically go to a larger warehouse as I grew. Think in terms of the rotation of your furniture. You will often have an empty warehouse in March or April and a very full warehouse in November and December. You may have some business capital to get started and can buy in multiples. This can allow you to negotiate a better deal and it certainly saves time. I would urge you to go slow, to grow organically, and to enjoy the process. Legal stuff—As you form your business you will most likely have to file a DBA, or choose to incorporate. I would encourage doing your research or to consult an attorney. In addition, there are some differences in doing your taxes, depreciation comes into play, etc. Please speak to an accountant as to how this affects you and what additional taxes, licenses, etc., you will need in your particular state or country.

3. Buying Wholesale or with a Discount

For staging purposes, I believe we are all in agreement that it is not wise to stock expensive furniture or antiques. We want furniture that looks expensive, is easy to lift, wears well, and we can get as cheaply as possible.

Once you have your resale license, begin to get familiar with discounts and wholesalers who will work with you.

For many years I bought retail. I believed that because I was a small enterprise, I could not possibly order enough to cover an initial minimum order. That mistake translated to my paying double for what I could have purchased at wholesale, had I only known how easy it is. First of all, find a wholesaler who is close to you geographically, if at all possible. You can save shipping costs and usually get things faster. The largest suppliers in the US with the price point and selection is Coaster and Ashley Furniture.

Unfortunately the reps for these companies are used to working with large accounts and are not enthusiastic with working with Stagers. And wholesalers do have minimum orders. It is usually about \$700-\$1000. Charm the reps, be easy to work with, and value that relationship. It will result in substantial savings to you. If you are not ordering that much, form a partnership with another stager and "piggyback" your orders. Try to establish and build that relationship with a strong wholesaler. Learn their policies, ordering procedures, and return policies.

I have been fortunate in working with Seth Miller of Coaster Furniture. He has been very kind and supportive. I have their very thick catalogues and price books. I go online, find out availability, and order. It is confirmed the next morning, and my trucks can go to their warehouse and pick up the order. Sometimes there is assembly involved.

These are the items that I purchase from Coaster:

Sofas, loveseats, chairs, desks, dining tables and chairs, coffee tables, end tables, Sofa tables, mattresses, bedroom furniture, headboards, kitchen tables and chairs, ottomans. www.coasterfurniture.com

These are other wholesalers that I order from:

Linon Rugs- from Arkansas—long wait in shipping unfortunately. Great rugs! www.linon.com

New Pacific Direct—located in California—great leather chairs and interesting furniture. www.newpacificdirect.com

Three Hands Corporation—high initial order (\$1000) but huge selection of accessories. www.threehands.com

Be careful and inspect—many of my items arrived broken and it took months to unravel.

Paragon Art—Outstanding art shipped from Alabama. Takes awhile. Initial order \$1000. But real statement pieces and good stuff.

www.paragonpg.com

Cyan Design—great wow pieces. www.cyandesign.biz

Buying Discount

For stores, you can go online and sign up for their "designer's program", "decorators program", whatever. Here are some of my favorites in their ability to get things to me quickly and I can usually work a shipping deal with them.

Favorite Store sources and those I have used with a discount:

Williams Sonoma Home—encompasses Pottery Barn, Pottery Barn Kids, Pottery Barn Teen, West Elm, and Williams Sonoma Home. Sliding sale discount beginning at 10%. Crate and Barrel—CB2, Land of Nod kids. They do have a discount that varies from 10 to 20%.

Ballards—Some unique items

Z-Gallerie—A guilty pleasure for those "wow" pieces I like to incorporate in my staging. They do offer a healthy discount of 20% last time I checked. They have good sales as well. Great source for art and accessories. Furniture pricey.

Pier One-They have a great discount program and typically offer a 20% discount. Good sales, good source for scented candles, foliage, baskets, furniture.

4. Guerilla Shopping

Evaluating your projects/ creating a plan

Make a list of anything that you have that you can integrate into the design.

Decide on a style, color palette (I like to be consistent through the house), and the look you want to achieve. Your color palette can sometimes be directed by the existing colors in draperies, carpet or painting of the home. The color of the front door is often a good place to start.

Study magazines and catalogues. The demographic of your buyers might say "pottery barn". Study every page, study how they put things together. Learn how to mix colors and style to create your own personal look.

Color Palette

One of my secrets is that I shop by color. These are the colors that I have found to be most flexible and useful in staging:

Basic colors

Best for the key pieces are neutrals. Primarily sofas, loveseats, and chairs should be in a neutral. White or cream sofas have always been effective in staging, they also get dirty quickly and do not have a long shelf life. Other colors that I have found to be "neutrals" are beige, camel, mossy green, and red (!). A red sofa is incredibly flexible. Add grey if you work with contemporaries.

Every room must have a "pop" color in order to photograph effectively. Below are some of my favorite color combinations that are flexible and really make a room sing:

Traditional

If you have lots of woods, try gold and pumpkin with a bit of green.

Burgundy is always a good choice.

Black will add a look of sophistication.

Green is the most flexible color.

Contemporary

try a strong aqua blue or lime green.

Orange is always strong.

Grey and yellow look very sophisticated.

5. Know your Price Points

As you make your shopping list, before you leave the house, know the limit you are willing to pay for any given object. The list below includes my own personal price points that I look for when I shop. You can establish your own.

Art

Art is a guilty pleasure of mine, and is probably one of the most expensive items in my inventory. Some ways to save:

Learn to do color block canvasses, learn how to do simple drawings.

I have sold 4 of my paintings in the last year for up to \$800. Each. I was shocked! Ideas for art:

For an office I copied the alphabet in different fonts on the computer, framed them in black frames and it looked great.

The average house needs 25 pieces of art.

Rugs

Rugs are expensive. I love the sisal rugs from Crate and Barrel with the latex backing. Other sources are TJMaxx, Pottery Barn (look for sales), Costco, Ikea.

Shipping is expensive so try to buy local.

8 X 10—most I will pay is \$349.

5 X 8—most I will pay is \$199.

Below is a list of the key elements of the standard furniture needed to stage a home:

Living Room Need price points, color, where to buy

Furniture

Sofa colors—white, beige, camel, gold, mossy green, red

Consider weight. I like clean lines.

\$260-\$280/*

Loveseats can be useful but need to be purchased in pairs. \$250*

Sectionals are more difficult to place. \$380.*

Coffee Table—avoid totally smooth wood tops that can scratch easily.

End Tables X 2

Try to purchase as a group/ wholesale \$120 for all 3.

Wood and glass very good. A smooth wood top will show dings quickly.

Console Table

Match coffee and ends

Chair

Purchase to match sofa \$180.

I use lots of chairs. Good for a pop of color

Possible options: Rug (5 X 8 \$80.)

8 X 10 \$300*

, ottoman (\$80), second chair

3 pieces of art

3 lamps/ shades (30. Each) (The average staging takes 11)

4-6 pillows \$15. Ea.

Items I avoid:

I never buy sofa-beds or futons. I only occasionally use daybeds and have gotten along fine for many years with using a twin bed. I avoid any furniture too fussy or that is heavy. II avoid light woods. I normally prefer fabric over leather, because of flexibility. I avoid anything too trendy, too unique or distinctive as agents notice and it decreases flexibility.

3 items coffee table

2 symmetrical items fireplace mantle (if necessary)

3 items for each end table for a traditional look.

Bookcases swallow books.

Books: When people are moving out and you are doing the bid—especially if they have a lot of bookshelves that are built in—ask if they were planning on giving away any books. You would be glad to have them. Free books! You can cover them for an additional color pop.

Dining Room

Dining Table and chairs—I like to find a set for \$600 or less for table and 6 chairs. You can mix chairs. I like glass tables.

China Cabinet—I have a few. Figure about \$500. Try and find a bargain if you are going to stock them as you don't always use them.

Dishes/ Centerpieces/ napkins/ glasses.

Buy white dinner plates. You can get your color from your placemats, salad plates, runners, glasses. Look for sales. Always buy napkins in sets of 6. Cobalt blue glasses are very effective in a very sunny room. I use double napkins and a napkin ring for additional detail and pop. I do not use silverware. And I do not glue anything down. You might also consider a console table(\$100) or bombe chest (\$250.) to complete the room.

The centerpiece can be the place for a "wow" feature if the chandelier is not low.

Family Room

I stock plasma screens (fake) and always try to identify a place where people will be watching tv.

Sofa, coffee table, possibly loveseat, end tables, console table (see Living Room) Good place for floor lamps.

Kitchen

I stock a lot of glass kitchen tables (\$125). I like to add a punch of color with the chairs (\$45 each).

I stock only one pub table and it is not used as often as I thought it would be.

You will probably need bar stools. I try to buy them without a back and at wholesale.

I stock more of the lower counter stools (60) than bar stools (\$70. Tops!).

You will need kitchen accessories—I count the number of corners and multiply by 3. Count the shelves in glass cabinets and multiply.

Master Bedroom

Mattresses- I like to use real beds and boxsprings. Queen (\$400) is the the most popular and flexible. Check the height of the mattress. Try to find a tall boxspring and mattress to make the bed look "substantial". For King beds, we use 2 twins (\$100 ea) and try to build it out. We carry twins for kid's rooms.

Clean paint pans are the same size as a bed frame. Go into a paint store and buy a bag full. Easy to store.

Don 't look for comfort—no one will be sleeping on them.

Headboards—

I usually just lean a headboard behind the bed. Footboards take a lot of labor to put together.

Most of my headboards are custom. I had a friend make them out of plywood (\$60. Queen) and I covered them in foam and custom fabric on sale.

Nightstands

I like them to match. It creates a symmetry in the room. Figure no more than \$100 ea.

Tall Chests

I use more tall chests (\$150) than dressers (\$180.).

Bench

I like a bench at the end of the bed. (\$120)

Bedding

The most labor intensive if it wrinkles. Iron on site.

I usually buy bed-skirts in king size (no more than \$10). They are easily adjusted. Get lots of white.

Bedding: I like to use:

Duvet cover and stuffer, matelasse blanket, 4 standard pillows and shams and 2 euro pillows and shams. The bedding is the most important part of the room and contributes the most color punch.

Bathrooms

Begin with white fluffy towels. Always works. I like glass and chrome bath accessories. Also scented soaps.

Outdoor Furniture

Very expensive to stock and purchase. I try a few black iron(aluminum) bistro tables (\$39) and chairs (\$19 ea).

5. Know your Sources

Ideas for a Limited Budget

Check out flea markets, garage sales, home consignment centers, street fairs. Do as much as you can yourself. I could not afford to buy a duvet cover so I bought 2 sheets and sewed them together. Get creative!

No known discount but good sources:

TJ Maxx Homegoods—You are blessed if you are near a TJ Maxx Homegoods. Winner by far in having the most items under one roof: Best source for high end pillows, lamps, mirrors, art, napkins in bulk, colored glass, high end dishes, glassware, towels, bedding, and unique items. I have always had great luck in finding rugs here. I have also found some "statement" pieces here at a reasonable price.

You can get a break on the sales tax in California when you check out if you produce your resale license each time you check out.

I have power shopped here the most. Best time to shop—early morning. Best way to shop—with a partner. With these large items, the shopping carts are too small. My record is 12 shopping carts and 3 pallots with furniture and 8 rugs on one trip, with a \$12k total. My partner shuttled the full carts to the front of the store while I filled the next one.

Ross—best source for cheap basic pillows. Good for boxes, baskets, duvet stuffers, bed pillow forms, glassware (especially colored wine glasses), floral on occasion. Good place for vegetable jars (for color in the kitchen), dish towels, candles. Be careful with bedding. Go with a friend who qualifies for the senior discount if you are purchasing a great deal. I believe they offer an additional discount for seniors on Tuesdays.

Target- Really! They have a surprising selection! I think you can get some kind of deal when you use their credit card.

In store they have some good lamps and shades, and their bedding has gotten much better. They have some good dishes, glassware, and their sale tables are legendary for good deals on napkins, lamp shades, and bedskirts. My Target has the best shopping carts around.

Online they have a large selection. Their patio furniture (should you choose to stock it) reflect some of the best prices I have found. End of the season—great deals. Much of their furniture needs to be assembled.

Marshalls—A step down from a TJMaxx Homegoods in selection I have found, but similar items.

Cost Plus World Markets-

Tuesday Morning—Takes lots of time but I have found some treasures there. Bedskirts, some unusual art, mirrors, picture frames, and pillows.

Kmart—Bedskirts, candles, towels, lamp shades.

Online Sources: Cort, Furniture to Go, Overstock.com, Amazon

Best publications: Architectural Digest, Elle Home, Better Homes and Gardens, Veranda Best Catalogues: Pottery Barn, Crate and Barrel, CB2, West Elm, Williams Sonoma

Home, Pier One, Pottery Barn Kids and Teen, Grandiflora

Get on their mailing list!

7. Warehouse

I currently own 2 boxtrucks and 2 vans. This is sufficient in running 2 crews at one time. One crew consists of a designer and 2 technicians. One crew can easily stage an entire house in one full 8 hour day. Because of the systems we have, we have staged up to 5 homes in one day using 2 crews. I often utilize an assistant designer, which speeds things along and gives me some flexibility as the lead designer. I warehouse all of my own furniture. I currently have about 7000 square feet of unheated warehouse space arranged by room.

8. Rotation

The goal is to keep your warehouse empty!

Have a yearly purge and get out everything you are not using and does not work. We all make mistakes!

Make sure you have signs at each and every house saying that everything is for sale. The best way to move your business forward, make more money, and keep a fresh inventory is to move furniture through your business.

9. Record Keeping/Inventory

So important. Develop systems from the beginning. Try Quickbooks and the Darby System.

We will provide updates on sources, ideas. If you would like to receive further information please send me an email:

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Under subject put "inventory info"