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Lacks Furniture Sees Business Gain Through Idea Testing

By Nancy Meyer

VICTORIA, Texas—In today's tough business climate, trying new ideas can really pay off.

That's been the experience at Lacks Furniture, a 39-store regional chain based here that has been undergoing intensive testing of new ideas generated by its own employees, with guidance of consultant firm QualPro.

The practical ideas, which are fast and cost-free to implement, range from changing the way employees answer the phones to staggering lunch hours so customers can pick up their furniture at noon to altering direct-mail messages. Soliciting input from all areas of the company, Lacks developed a list of ideas that touched all aspects of the operation, including merchandise display, hiring and training sales associates, advertising, promotions and customer loyalty programs, among others.

After less than a year in QualPro's Multi-Variable Testing (MVT) program, Lacks has boosted its comparable-store sales increases to an average of 6 percent in the test stores and has seen impressive gains in employee motivation and morale, said Melvin Lack, president and chief executive officer of the family-owned chain. In fact, the best store posted a sales increase of 24 percent; the worst store saw sales drop 29 percent as a result of the testing, while sales for the rest of the chain were flat during the test period, he said. The winning ideas have been adopted as company policy and the hurtful concepts were dropped.

"We've been dazzled by the results," said Janey Lack, vice president of advertising and marketing, who, with husband Melvin, sought out the QualPro team after reading real-life retail testimonials in their book "Breakthrough Business Results With MVT: A Fast, Cost-Free Secret Weapon for Boosting Sales, Cutting Expenses, and Improving Any Business Process," published in 2005 by John Wiley & Sons.

"For me, it's like taking a vitamin pill—the energy we've gotten," she said. "With the woes of retail, there's something to say about being very proactive and working with our team to help us move forward."

Added Melvin Lack: "We don't want to think what sales would have been if we didn't do this."

It's not that Lacks was in dire straits before MVT. The company, which celebrated its 70th anniversary in April, has been recognized for excellence by several groups, most recently the National Home Furnishings Association, which bestowed its Retailer of the Year Award on Lacks in 2007.

But the Lacks were intrigued by impressive results at Williams-Sonoma, Lowe's, Bridgestone/Firestone, Saks and other QualPro clients, and wondered if the method would work for them.

The fact that the ideas for change come from within the company and are "practical, fast and cost-free" was a particular point of interest.

Perhaps it was because Janey Lack worked for management consultancy McKinsey & Co. after earning her MBA at Harvard, but the Lacks were invited to a



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Global Retail Marketing conference in 2007. There, top executives discussed their successes and “they kept saying that if it weren’t for MVT, they wouldn’t have achieved such breakthroughs,” Janey Lack said. It was there that the Lacks met with QualPro officials and subsequently became clients.

While some of Lacks’ results seem quite obvious, like standardizing the telephone greeting across all 39 stores, to be a pleasant, upbeat “Thank you for choosing Lacks, how may I help you?” each idea had to undergo the rigors of testing to determine if it had any impact on sales or profits.

“I don’t care how smart you are, you cannot predict what will work and what won’t in your company,” Janey Lack said. “The high discipline, the complex mathematical formula will tell you the answer. There’s no way the human mind can figure it out without testing. I’m a fervent believer in MVT,” she said.

Indeed, MVT is a complex statistical method to get fast results.

“MVT is a way in which we help companies achieve very large breakthroughs in their results in a very short period of time,” David Cochran, vice

president of operations of QualPro, told HFN.

In a 2,000-store retail chain, QualPro will test 30 ideas in 40 stores. Each store will have half the ideas turned on and a different combination of ideas. “We engineer those 40 different stores and what they’re testing in such a way that we can statistically calculate the impact of the ideas,” Cochran explained. “There are heavy-duty mathematics that go into the methodology.”

But what works for one 2,000-store chain might not work for another. Even the best ideas need to be tested.

“We’ve seen where paper quality in newspaper inserts doesn’t impact sales but lots of companies were able to have big savings from not spending more money on higher-quality paper,” Cochran said.

“You can’t make the assumption; you have to test it, though.”

One “great idea” is a greeter at the front of a store.

“Greeters must be the most tested thing in retail, thanks to Wal-Mart, but we’ve seen where greeters were very helpful and we’ve seen where greeters are

a total waste of money,” the consultant said.

Similarly, some “great” ideas can hurt, Cochran pointed out.

“We have seen instances—more than one—where companies were spending money on advertising and that advertising was lowering their sales” because they were advertising their price, which was higher than competitors’, Cochran said.

“Experts are no better than anyone else at predicting what will work,” he said.

In fact, QualPro has found a pattern of results that bears itself out every time.

“We’ve run 14,000 tests over the last 25 years, in all industries—not just retail—and of all these great ideas, 25 percent of them actually work,” Cochran said. “But the surprising thing to many is that 22 percent of the ideas move the needle in the opposite direction,” actually hurting sales. “We’ve never found an industry or company that’s immune to that. And 53 percent of all ideas make no difference to sales, but can be sources of cost savings,” Cochran said.

The Lacks were surprised by many of the results.

“One idea that bombed was sending birthday cards



From left to right, Melvin and Janey Lack, of Lacks Home Furnishings, are presented the Retailer of the Year Award for 2007 by National Home Furnishings Association President Wogan Badcock III.

to customers with a discount coupon” said Melvin Lack. “It just didn’t work.” Another was showcasing different departments up front in stores, where one week bedroom would be spotlighted, followed by youth the next week and dining room the next. “It didn’t move the dial at all, yet we thought, wow, it’s so obvious. It was a bomb,” he said.

Then there are the ideas that don’t affect sales or profits, yet when omitted, can actually save money.

Bridgestone/Firestone used to put a thank-you hangtag on the rearview mirror of a customer’s car after new

tires were installed. After MVT proved that it didn’t affect sales one way or the other, the company stopped doing it and saved \$400,000, Cochran said.

For Lacks, the money-saving idea was to stop sending its Gold Star customers a letter offering further discounts when they paid off their credit accounts. The customers are already regulars, so Lacks saved a bundle by discontinuing that program.

While the ideas are cost-free, practical and fast to implement, MVT itself is an intense process that takes a lot of hard work and buy-in from

employees. Implementation must be well thought-out, protocols written, then follow-up done to ensure compliance, so everyone’s got to be onboard, Janey Lack said.

But the results are enough to get recalcitrant managers and workers beyond their skepticism, she said.

Lacks just completed its fourth round of MVT and is planning round five, but also wants to test its methods of hiring and training sales associates.

“I think we’re a better organization for it,” Melvin Lack said. “We’re seeing such positive things, like pride in our people, involvement from the whole company.” ■