

Furniture dealer takes on challenges of imports, finds success

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While American-made furniture appears to be getting scarcer, Sioux Falls-based Furniture Outlets USA is finding plenty of import opportunities in the global arena.

Furniture Outlets USA imports products to resell from countries such as Vietnam, China, Malaysia and India, according to company President Gordy Wallenstein.

"We source the world," he said.

To be competitive in the furniture industry, a company has to import, Wallenstein said.

Furniture Outlets USA brings in more than 400 product containers per year.

Containers come on boats to Los Angeles or Houston, are shipped by rail to Omaha and trucked to Sioux Falls, said Wallenstein.

Furniture Outlets USA owns South Dakota Furniture Mart and Unclaimed Freight, and is a licensee for Ashley Home Furniture and Carpet One. The company owns 28 stores in South Dakota, Minnesota, Iowa and North Dakota.

Owner William Hinks Sr. said Furniture Outlets USA is the top-selling furniture company in South Dakota and is ranked No. 59 in the nation.

When Furniture Outlets USA started importing products, the company cut costs by 30 percent, Hinks said.

"In the beginning, the quality wasn't quite as good, but now the huge factories produce the best you can buy," he said. "It's quite good."

Wallenstein said that with the exception of some upholstery factories in Mississippi and a few others, U.S. furniture factories are scarce.

"A lot of them are having the really labor-intensive part of it done – the cutting and sewing – elsewhere," he said.

Wallenstein cited China as a particularly popular furniture-importing source.

"They have invested in their infrastructure," he said.

Hinks said China has overtaken the United States in sales because of large factories and low labor costs.

Raw materials such as cherry, birch and oak often are sent from the United States to foreign countries and are sent back as completed furniture products, Wallenstein said.

The company employs 730 people and had 2008 earnings upward of \$118 million based on sales, an amount that Hinks said is fairly typical of the past few years.

Because of the recession, Wallenstein said business has been "a little softer." He added, though, that Sioux Falls is a particularly strong economy, and the furniture business in general is better in the Midwest.

"We found that where we've slowed the most is in the Minnesota market," Hinks said. He said a slower economy means a good time to buy because the retail price of furniture has gone down. Hinks added that furniture is less expensive than it was 25 years ago. "Furniture is a great value," he said.

Rock Nelson was hired as the international marketing director for the Sioux Falls Area Chamber of Commerce and the Sioux Falls Development Foundation to encourage more business to clear through the port of entry in Sioux Falls.

"I work daily with the companies that have problems and issues and require my services for their importing and exporting needs," Nelson said.

The port in Sioux Falls imports "anything and everything," according to Nelson, including textiles, automobile parts, machinery parts and scientific machinery for the area's universities.

South Dakota's port has hosted nine international freight forums for 220 local and regional businesses, and, according to Nelson, the overwhelming need is for education on importing and exporting regulations, rules and international logistics.

Wallenstein was a featured speaker at the freight forums.

"It's a complicated procedure, and it's ever-changing since the days of 9/11," Nelson said of international freight issues.

The freight forums are helping create the Great Plains International Trade Association, which will launch officially within weeks, said Nelson, who will serve as executive director.

The goals of GPITA are to seek to reduce domestic and international freight rates and transit times and to create better equipment efficiencies, according to Nelson. GPITA also aims to provide networking, workshops and guest speakers for the region's companies.

Nelson said the recession slowed activity at the South Dakota port of entry, but it's starting to return.

"It's my job to promote more importing and exporting and to get it back to where it should be," he said.

Before the economy slowed, South Dakota and the tri-state area had been importing an average of more than 11,000 containers per year and exporting an average of more than 18,000 containers per year.



William Hinks Sr., owner of Furniture Outlets USA, said the quality of imported furniture has improved to the point that "now the huge factories produce the best you can buy." (Inerita | for the SFBJ)



Gordy Wallenstein, president of Furniture Outlets USA
(Submitted photo)