

# Relationships

(Originally titled Partnerships, *Rug News* changed the title to Relationships because we believe the starting point of a Partnership is a Relationship.)

By Sy Mahfuz and Steve Boodakian

**O**ur fathers got it. Our grandfathers got it. The industry was built on it. Somewhere in the last 50 years we lost it and there is no better time to rebuild it.

We're talking about the value of partnerships. Let's first define partnership.

*A Partnership is a relationship between individuals or groups that is characterized by mutual cooperation and responsibility, for the achievement of a specified goal.*

The Oriental rug and fine area rug business is at a crossroads. More and more non-traditional wholesalers and retailers are entering the business. Product development, key to the vitality of any industry, goes on at a frenetic pace while the building of industry partnerships has taken a back seat.

## WHAT MAKES A GREAT SUPPLIER PARTNER

*Capital and Commitment* The retailer needs to be aware that it takes many months and sometimes years to bring a new product to market and for every winner there are 2 losers. That's a 33% success rate. As a retailer we can't afford that. A strong wholesale partner absorbs those losses and can be relied upon to make that commitment and continuously deliver in a timely fashion. To do so requires a huge financial commitment before they even show the first sample!

*The Rugs* A generation ago, this was a supply driven business. Iran was king and they produced and exported essentially the designs and colors that they wanted and with some exception the US marketplace relied upon that.

Not any more. We are a dynamic demand driven business now that relies on constant innovation of color, design and even quality to stay up with the ever changing demand. A great supplier partner not only has a great eye but the skill, energy, and resources to bring to market what will sell.

They have experience with sourcing that gives them the knowledge of what can be accomplished. As retailers we have all said, "if only I could make a rug that looks like this one." An experienced supplier understands the capabilities of the manufacturers and can translate that concept into reality.

*Marketing Support* Depending on their size and geographical reach, many wholesale partners will offer marketing coop in one form or another. In this digital age, electronic images are always available for you to create your own ads and POP materials.

*Strong Branding* This too is largely dependent on the size and reach of the supplier. Smaller more specialized suppliers neither have the resources nor reap the value of consumer brand building. Also, some retailers prefer private labeling and that can be very effective. One should however take advantage of the tremendous effort that some suppliers have put forth to build a strong consumer brand. If the retailer works diligently to establish their own brand with their customers and advertises a strong supplier brand the benefit is exponential. 1+1=3.

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Examples in our everyday lives are numerous: Michelin Tires, Sony, Oreo Cookies! Within our industry we see Tufenkian, Capel and Karastan, to name a few. It's not by accident that consumers ask for them by name.

## WHAT MAKES A GREAT RETAIL PARTNER

*Integrity* You must do what you agree to do. It is that simple. Negotiations are a part of our business but once the deal is struck, honor it. This includes practices like returning memo or approval rugs on time, reporting sold goods as they are sold, and paying your bills on schedule.

*Commitment* A supplier wants to partner with a retailer who makes a commitment by stocking, displaying and promoting their product. Many suppliers will structure consignment packages for committed retail partners. Proper display means showing the goods in a well lit appealing manner, not shoved into a back corner.

*Loyalty* As retailers have strong and weak periods so do suppliers. Be important to a few rather than a minor player to many.

*Direct Import* Where does that fit in? Whether it is your own designs, colors or sizes or a large enough quantity of an existing line, there isn't a supplier I know who wouldn't be willing to work with a retailer on direct bulk shipments. This is a clear benefit of a strong partnership with a great importer for those of you that understand the risks and commitment involved.

*Remember... it's a two way street.* The key to strong partnerships is not to be adversarial. You cannot approach it as though each is trying to beat the other.

Many complain about Importers getting into the Retail Business and vice versa. Why?

Perhaps one or both of the partners is not doing their job. For the most part neither wants to be in the others business unless they are given a good reason. If each works at being the very best at what they know and continue to bring value to the relationship then the system will pay off and everybody wins.

Educating your entire company in what it takes to build lasting partnerships will make them **stand out from the competition** and result in convincing your dealers that they are working with the best company. Share this article with your sales team. Share it with your **entire** staff. Establishing and maintaining profitable partnerships is a companywide responsibility.

As Dr. Phil says, "you can't change what you don't acknowledge."

Any industry, no matter how fast it changes, needs to learn from the past. It is high time that we as an industry regain respect for the tremendous value of strong partnerships between suppliers and retailers. They are, after all, what made this industry strong and what its future relies upon. 🌸

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