

DESIGN MANAGEMENT COMPANY

LOS ANGELES | NEW YORK | LONDON

Design Management Company's White Paper on the Need for Recruiting Talent Now

His holiness Pope Francis is making his first visit to North America as this paper is being written. Pope Francis is often referred to as the “people’s Pope”. He has been extensively quoted in his support of the poor, downtrodden and marginalized people who live across the globe right next to us each day, who are all seemingly invisible.

Amidst the flurry of press coverage and activities related to the Papal visit to the United States, we are reminded of the C-Suite executives in the home furnishings industry who spoke at various conferences in the first part of 2015 who mentioned that their firm’s greatest asset was their “people”.

Let’s not forget that in August of this year, data was released showing that the U.S. unemployment rate fell to 5.1% while the Federal Reserve considered raising interest rates for the first time in nearly a decade.¹ These conflicting signals about the nation’s economic momentum provide an interesting backdrop for employers.

So how do these top executives deal with an aging workforce, compensation plans that are mired in the 80-90’s, succession planning and other “people” related issues?

Some have embraced the process of a top down focus on their organization which we, Design Management Company (“DMC”, www.dmcnyc.com; www.idtalentsearch.com), as retained recruiters, strongly encourage. Many of these executives have found that the aging process is not the most dangerous aspect that their organization faces. Those who value their organization are already aware of who will come and go over time and have already begun the planning process for replacement.

However, some have chosen to replace seasoned workers with junior employees. Coupled with non-competitive compensation plans (salary, benefits, commission structures and other tangibles), these moves often produce a revolving door for the organization. Designers are hired directly from university programs, receive months of training by the employer, only to receive highly competitive offers, more often than not from non-manufacturers, and exit the doors of their first jobs 12-18 months later. And, then the process begins again, and it’s a costly one. Research shows that 27% of U.S. employers say a bad hire (which also translates to an unprotected hire, due to insufficient compensation plans and other human resources matters) costs a company more than \$50,000.²

So why not upgrade your personnel at the same time as you pay attention to your compensation plans? Using a holistic approach to understand a company’s staffing needs, making sure to factor in the office culture, personality of the firm, the company’s location, etc. oftentimes we find that the position vacated is not necessarily the same as the position ultimately sought – and filled by a qualified candidate. Maximize efficiencies through the transition process by fine tuning job descriptions, compensation structures and benefit packages. Then, recruit the best talent available poring over every

DESIGN MANAGEMENT COMPANY

LOS ANGELES | NEW YORK | LONDON

candidate, thorough reference checks, testing (for example CAD, design presentation, accounting, etc.) and present the right offer.

Succession planning is an issue that is often not discussed as it is viewed by management akin to planning a funeral before its time. Last year's *Furniture Today* Future Leadership conference tackled the topic of "Handing Over the Keys to the Kingdom" moderated by Ray Allegranza³. One of the panelists, Jesus Capo, vice president and chief information officer of retailer El Dorado Furniture (Miami Gardens FL) said "it can be a good idea to have family business meetings guided by an adviser."

In a company of 870 employees, with 20 family members Capo also said "our father passed away five years ago, and he started planning his succession 20 years ago...Each one of the brothers has the task of finding his replacement in 20 years."

As to embracing outsiders into a succession planning scheme, Capo said further "Yes, we've done it...You have to hire the right culture and personality. Skills can be developed, but if you don't have the right culture coming in, it can be hard to succeed." All of the panelists admitted that the mere notion of talking about a succession plan can be challenging.

Our opinion on succession planning? This should be a priority before 2015 is over, part of the holistic process of evaluating an organization's needs of today and tomorrow.

Lastly, a question. What makes an organization nervous, on edge, filled with anxiety? The answer: The undercurrent that runs rampant over the weeks and months before an important announcement. Forget the days of water cooler gossip, today with social media and the proliferation of investigative reporting, corporate secrets are only as good as a fish or a guest – after three days, they start to smell – and become the fodder for the rumor mill.

Speedy communications, as required by the Securities Exchange Commission ("SEC") for public companies (and by the way, the SEC has no sense of humor where timely notification of management and ownership changes are concerned, citing the fiduciary responsibility of the management team to its current and potential shareholders) should be embraced by private companies found in the home furnishings industry. Whether it's M&A activity, new ownership, change in management, reduction in staff, the list is endless. All your employees want to know is – what does the change mean for **ME**?

As your employees are confronted with these rumors, be they positive or negative, they are distractions and will impact the bottom line. Go public with your news swiftly, or expect negative consequences.

In the words of Pope Francis, "The common home of all men and women must continue to rise on the foundations of a right understanding of universal fraternity and respect for the sacredness of every human life."

DESIGN MANAGEMENT COMPANY

LOS ANGELES | NEW YORK | LONDON

Let's put meaning back into the phrase "our firm's greatest asset is our people". Make your people your priority and let DMC help you evaluate your organization for the future.

Design Management Company (DMC) (www.dmcnyc.com) was founded in 1999 by Lloyd Princeton to assist his clients with matters such as contract negotiation, pricing, marketing, staffing, and product licensing and distribution. The launch of www.idtalentsearch.com in 2015, which focuses solely on retained search for clients in the A&D industry, is in direct response to the growing need for qualified candidates to fill the myriad of positions in the marketplace and DMC's wealth of experience in this business sector. For two decades, Lloyd Princeton has been immersed in the design industry, working with interior designers and architects, as well as with showrooms, design centers, manufacturers and vendors. Early on, Lloyd identified the need that design professionals have for sound business advice and guidance to effectively manage and grow their practices.

¹**U.S. News & World Report**, Sept. 4, 2015, Andrew Soergel, "5 Things to Know About the Economy This Week"

²**Career Builder Survey**, 2013

³**Furniture Today**, Sept. 23, 2014, Cindy W. Hodnett, "Today's leaders must groom future ones"