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Change that's Working

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by Rob Kirkbride

A year ago, Highmark, the Huntington Beach, Calif. seating maker, decided to reinvent its brand, launch a new task chair and radically overhaul the way it connected to its dealers and customers.

It is a small company with sales of about \$15 million, so any change is a big deal to Highmark and its 65 or so employees. The change seems to be working. While there are dozens of examples of small- and mid-sized office furniture makers that have gone out of business or are struggling to stay afloat these days, Highmark is bucking the trend. The company is blowing its sales expectations out of the water, according to industry veteran and Highmark President and Chief Executive Officer Chuck Loeb. "We've had great growth," he said. "We exceeded our expectations in the first quarter by 28 percent."



Highmark is a good news story in an office furniture industry beset by so much gloom and doom. The company's formula for success is no secret. Instead of pulling back when the economic slowdown started to hit, the company pushed forward with new products. Loeb believes companies that have been around a while are destined to fail if they don't start moving, marketing and changing the way they've done business in the past.

"Last year, we hired new reps throughout the U.S. where we didn't have reps or had weaker reps," he said. "Based on our bookings, I feel pretty good about what's going on over here. I think it was important that we brought that brand promise to the table. We've proven that smaller companies can grow in these economic times."

Highmark has done some things right, to be sure. But it also is in the right market at the right time. The company is in the value market of seating. With corporate money tight, price is king. "The one word out there on everyone's lips is value," Loeb said.

Last year, Highmark launched its In Motion task seating line with the InSync chair. The high-performance task chair was designed for Highmark by Francisco Romero of Phidesign in cooperation

with Leggett & Platt design and engineering. Featuring weight-activated counterbalance technology much like the Humanscale Freedom and Knoll Life chairs, Highmark promises similar performance at a much lower price point. InSync lists at about \$799 while the Knoll and Humanscale chairs each list at more than \$1,000.

Customers are realizing they can save a little money by going with Highmark instead of the better known -- but more expensive -- brands. "Our InSync chair brings a great value to the market," Loeb said. "We are one of only about four or five manufacturers using a counterbalanced mechanism. We are winning opportunities out there with a product line that's mid-market and value minded. Highmark is bringing high design down to the level of the (average office worker)."

Loeb has years of experience in the office furniture industry. He has been in the office furniture market since 1975. He was an industry rep and later started his own repping firm. He founded Highmark in 1992 and by the late 1990s, the company was named to Inc. magazine's fastest growing companies list. It is a design and source company. Highmark comes up with the chair designs and sources parts from around the world. The components come into the company's 60,000 square foot plant in Southern California where the company completes the assembly and adds upholstery and all the options.

That's one way the company keeps prices down, which Loeb says is important in the current market. "I believe people are looking for better pricing," he said. "There's not a day that goes by that people ask us, 'What do you have in this price range?' I do believe manufacturers out there have missed the boat by bringing products out that are too expensive for the market right now."

Interestingly, Highmark is winning project through dealers whose main lines include Haworth, Herman Miller and Steelcase to name a few. Loeb said Highmark is working on some "very large projects" throughout the world.

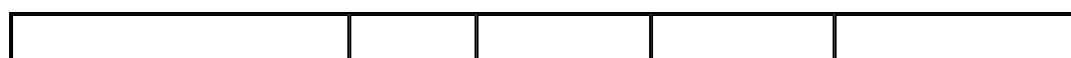
Highmark is winning projects in part because of the simplicity of its products and sales methods. First the customer picks the chair from the good, better or best category. Then he outfits it with components from a bronze, silver or gold package. There are list prices, but dealer discounts still apply.

Its InSync chair falls under the company's "better" category. A new chair, slated to be unveiled at NeoCon called InTune (above) will fit into the "good" category. It is a lower priced chair with many of the same technological advances as InSync, important as the economy continues to struggle.

At the same time, Highmark is leaning down its factory even more and making preparations to pounce on market share once the economy begins to turn up, even a little. Small manufacturers who still have the wherewithal to do the same should begin working on it now.

"While we're doing all that, we are watching everything in the company and determining what we need and what we don't need," Loeb said. "A lot of people are taking their eye off the ball. They are not reinventing themselves. There's not a day that goes by where we're not measuring things, making sure we're doing things right. I think it is important to keep this 'up' attitude going."

Finally, Loeb believes it is a great time for small manufacturers to visit potential customers -- while the economy is slow and it is easier to get a meeting. "Customers might not know who the small manufacturers are," he said. "It is a great time to get them on board. You wouldn't believe how many potential customers say, 'Wow, we are looking at products that we've never seen before.'"



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