

Haverwood furniture inc case study

Business



A forecasted industry sale for 2008 is about \$16.1 billion. Over the past 5 years sales had increased 3% annually, also believing that this trend would continue. Lea-Meadows employed 15 sales agents to represent its products. Sales agents found it necessary to deal with several buyers in a store in order to represent all the lines carried. On a typical sales call, a sales agent first visited buyers to discuss new lines, in addition to any promotions being offered by manufacturers.

These new orders were sought where and when it was appropriate.

Lea-Meadows paid an agent commission of 5 percent of net company sales for these services. Also were thought to have spent 10-15 percent of their in-store time on Lea-Meadows products. There is no influence on who to sell their products to but there is a stigma of not selling to discount houses. Records show that agents were calling on specialty furniture and department stores. An estimated 1,000 retail accounts were called on in 2006 and 2007.

All agents had established relationships with their retail accounts and worked closely with them. Haverford Furniture Inc.

They are a manufacturer of medium- to high-priced wood bedroom, living room and dining room furniture. Their net sales in 2007 were \$75 million; and the industry sales of wood furniture in 2007 were \$12.4 billion. It is projected that in 2008 they will have \$12.

9 billion in industry sales. The company has 10 fulfillment sales representatives, who call on 1,000 retail accounts. They perform the same satellites as sales agents but were paid a salary plus a small commission. In

2007 the average sales representative received an annual salary of \$70, 000 and a commission of 5% on net company sales.

Total administration costs were \$130, 000 Heavenwards salespeople were highly regarded In the Industry. They were known particularly for their knowledge of wood furniture and willingness to work with buyers and retail sales personnel.

Sales representatives were presently making 10 sales calls per week tit an average sales call running three hours. Their remaining time was accounted Tort Dye ameliorative satellites Ana travel. It was also recommended Tanat ten call frequency be increased to seven calls per account per year.

Pros and Cons Points in favor for combing the two companies Haverford has one of the most respected sales force in the industry. Their sales force could easily learn the lingo to interacting with upholstery buyers. Selling Lea-Meadows would only require of present sales call times More control over sales efforts is possible and a combined sales forces fits with the belief that “ only our people are willing and able to give” It would not look right if both representatives and agents called on the same stores and buyers because of the overlap on the companies on both companies’ accounts.