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SENADA
INDONESIA COMPETITIVENESS PROGRAM

POST MORTEM REPORT

LAS VEGAS MARKET SHOW — JULY 2008

JULY 2008

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1. TRADE SHOW RESPONSE

The level of interest expressed at the show was very good, based on the number of potential customers who came by the Eco Exotic booth. While the first day was slow, the response improved tremendously after the members started engaging with potential customers who passed through the booth. Up to date we have three confirmed orders, which add up to seventeen containers. The members who received larger orders shared those orders with other members. Overall, the members agree that the show was successful and that there is a great potential for certified green products in the US market.

2. MARKETING PLAN

In order to attract customers to Eco Exotic's booth in Las Vegas the following steps were taken:

- A list was composed of a possible three hundred and ten potential key customers. The list included members of the sustainable furniture council, different companies interviewed by Ted Barber for the end market study report, internet research and companies (wholesalers, importers and distributors) exhibiting at the Las Vegas market. Ideally the goal was to send out a package consisting of a catalog, CD and an invitation to Eco Exotic's booth in Las Vegas.
- If it was suspected that a company's actual interest in this type of product was in question a call was made to pre-qualify them for receipt of the package. As a result the list was shrunk down to one hundred and eighty potential serious key buyers.
- We attempted to contact as many of these potential key customers as we could to personally invite them to visit our booth at the Las Vegas market.
- A press release was written by the SENADA team then published by Heath Combs (editor – green newsletter) from Furniture Today as well as Furniture World who published 3 different versions of our press release at three separate times. Both Furniture World and Furniture today are equally significant publications for the furniture industry.
- Through Furniture Today we sent out an e-mail blast which reached 22,000 subscribers.
- After the show, both Furniture World and Furniture Today have agreed to give us free editorials.
- During the course of the show we went to showrooms of pre qualified potential customers where we introduced ourselves and attempted to bring the decision makers to our booth.

3. DAILY ACTIVITIES

Daily activities during the course of the show included:

- Introducing Eco Exotic members to potential customers telling those customers a little about Eco Exotic and their products. We discovered that it was essential for us to engage with customers passing through the booth as they may have been interested but did not fully understand the concept until we explained it to them.
- Meeting with key customers (mainly wholesalers) with who we had appointments. These appointments had been made prior to the show with customers who were identified as potential key wholesalers. They were identified as key either because they imported from Asia or Indonesia, they carried eco friendly product or they were members of the sustainable furniture council.
- Going to the showrooms of targeted wholesalers to introduce ourselves and invite them to visit our booth. Many of the pre-qualified wholesalers exhibited at the show, therefore we took the opportunity to go to their showrooms, not only to introduce ourselves but also to view their product range and display.
- Met with the ambassador of Indonesia and the Indonesian commercial attaché. We spoke about how they may be able to assist Eco Exotic in the future.
- Attending and taking notes at SFC seminars to better understand what is required by the American market as far as certification is concerned (list attached).
- Collecting business cards and making notes of how best to follow up with the customers. It is important to collect the cards and have corresponding notes so we can better recall what it was that the customer was interested in.
- Daily meeting to discuss sales strategy and how best to move forward. For most of the members this show was the first of its kind in the US, so it was important that we had a meeting at the end of each day to discuss the events of the day and to share ideas and experiences.

I believe that if we are to brand Eco Exotic in the US, we should follow up by participating in the winter show which will be held at The World Market Center in Las Vegas in February 2009

From the data collected from individual members to date, there were:

- 35 wholesale inquiries
- 96 small to medium retailers
- 19 retailers who have the ability to import full containers
- 14 designers
- 6 international.

4. WHOLESALE INQUIRIES (35)

Our main focus before the show was to attract the interest of as many wholesalers and distributors as possible. Wholesalers usually brand their own companies. Distributors handle many different brands. We contacted a significant number of wholesalers. Attached are two lists. One of them is of contact information and the conversations we had with key wholesalers before the show (see database list 1) and the second list is of conversations we had with the wholesalers who visited our booth in Las Vegas (see database list 2).

In the wholesaler category, we were fortunate to meet several decision makers who already made certain commitments. Thus, Willow Green will make their first trip to Indonesia in September. This is impressive as they did not know anything about Eco Exotic until we met with them at their showroom and invited them down to our booth. In addition, Jacque from French Heritage purchased samples from Lunar in order to get a response from his customers. French Heritage has been in business for over 20 years and has a production facility in Indonesia. They and other wholesalers have paid a significant amount of attention to the lighting by Lunar, I believe, mainly because of its new and innovative designs. Further, Caroline, an Indonesian native from a company called Jeffan that has been importing exclusively from Indonesia for the last 12 years, expressed a great interest in working with the members of Eco Exotic.

Generally, wholesalers are a strong category. The majority have been in business for at least ten years with strong customer bases and permanent showrooms. The concerns of some wholesalers are that Eco Exotic will be exhibiting in the US and marketing their products to directly to retailers, thereby competing with wholesalers. We explained to them that Eco Exotic will not reproduce and market designs given to them by customers. The designs will be exclusive to the customer. In another scenario whereby the customer wants to have an exclusive on an existing product, the customer and the Eco Exotic member will have to agree to what quantity is necessary for this agreement. Profit margins are lower when working with wholesalers but, the members of Eco Exotic are manufacturers and as such are set up to cater to wholesalers rather than smaller retailers.

Wholesalers have very similar concerns to those of larger retailers. Listed below are some of their questions and concerns;

- **Exhibiting at the show** – How would wholesalers compete with Eco Exotic if Eco Exotic continues to exhibit at the show. The answer to this is that Eco Exotic will not carry any lines that are bought by other wholesalers nor would they exhibit any product which had been designed by a wholesaler and given to Eco Exotic to produce. Unless any one wholesaler buys such a significant quantity of product from each Eco Exotic member it is not reasonable to ask the members of Eco Exotic not to exhibit at future trade shows in the US.
- **Price** – How competitive are prices in Indonesia compared to other Asian countries? What is a reasonable premium for green product and what percentage can be passed on to the consumer?
- **Quality** – Will the quality be consistent in large quantity orders?
- **Packaging** – Wholesalers don't want to deal with having to re-pack items. They would like to ship products to their customers in the packing material the products arrived in. At the very least they are concerned about the product being packed well enough not to get damaged. They do not want to check every carton on an ongoing basis. It is acceptable for the first and perhaps second shipment.

- **Ability to mark and label cartons and to follow a packing guide** – Some companies require their cartons to be marked with barcodes as well as having their cartons not be over a certain weight or size. Charge backs are common if the packaging guide is not followed.
- **Copyright protection** – Wholesalers will need to be assured that their brands will be protected and not reproduced and sold to other wholesalers or directly to retailers.
- **On time delivery** – Wholesalers need to have their stock in the warehouse for delivery after showing the samples at the trade shows. Wholesalers can be penalized for late delivery and they will usually pass this cost on the supplier if it is the fault of the supplier.
- **Certifications** – Wholesaler who visited our booth were very aware of the direction in which the market is heading as far as green product is concerned. Many asked for proof of certification.
- **Capacity** – Many wholesalers will visit the factories in Indonesia to better assess their capabilities.
- **Local office** – Wholesalers are comfortable with dealing with companies overseas but at the same time said that they would be more willing to deal with factories overseas that have an office or a point of contact in the US.

5. SMALL RETAILERS (96)

Small retailers were by far the largest group. These are defined as retailers who are not able to order in container quantities. Amongst this group the question of sustainability was not prevalent. It could be either that they didn't care or they assumed that because we exhibiting in the Living Green Pavilion, that our products were green. In my opinion the small retailer has not yet educated themselves enough to understand what it means to be green or sustainable. With the industry moving in this direction and larger companies taking major steps the smaller retailer will be forced to do so to stay competitive.

Again there was a lot of interest in the lighting by Lunar. So we can assume that design and pricing remains an important factor to the small retailer. What many of the retailers did not know was that the prices were FOB. The customers, who were told about the costs involved with shipping, still thought the prices were good; however, they were reluctant to deal with the import procedures.

Therefore, Eco Exotic will need to have a fully functional distribution center in America. The presence of such a facility will also help the Eco Exotic suppliers to establish a long-lasting, reliable and responsive relationship with small retailers. Their questions and concerns are as follows:

- **Warehouse** – Almost all the small retailers we encountered asked if we had a warehouse in the US.
- **Minimum orders** – what is the smallest order that they can place?
- **Delivery time** – how long will it take to receive their order and if they are successful with the product, how long will it be until they can get another order?
- **Damaged product** – they often ask what they will do if the product is damaged and there is no point of contact in the US.
- **Customs, duties and freight costs** – in general the majority of small retailers has never dealt with this and has no desire to. In addition many small retailers wanted to know about freight costs upfront.
- **Quotes** – they asked for quotes on LCL shipments but expressed doubt on whether they would actually go ahead and place an order.

5.1 LIST OF SMALL RETAILERS

Hunt & Gather	Lisa	DeLaere Breslau	503 227 3400	
At Home on Main street	Marie	Kinnaman	760 728 9892	mkredesign@aol.com
Greenhouse	Chris	Foss	306 676 1167 X21	chris@greenhousehome.com
Alia International LLC	David	Littlefield	602 281 4676	david@alia-intl.com
All Abroad	Stephen	Scheibe	760 801 0487	info@allabroad.com
Abaca Imports	Jim	Helwig	703 684 2901	jhelwig@abacaimports.com
The House Dressing Company INC				
Jody's Framing Gallery	Cheryl	Goldberg - Farkas	520 323 0682	
	Wendy	Park	323 377 2504	monumenttwp@gmail.com

	Michael	Stephens	801 554 3595	michael@palettislc.com
Richard Saunders INC	Richard	Saunders	573 698 3765	
Good Home	Harold		714 738 0629	
Vibrant Living Today Ridge	Linda	Carey	650 226 3432	llcarey@aol.com
Eye4Art.net	Clarissa	Harison	716 836 5711	sherry@eye4art.net
Brooks Industries	Sherry	Maguire	480 968 5353	patriek.demeyere@brooks-ind.com
TRUE	Patriek	Demeyere	706 370 4230	tomh@trueseating.com
Asian Adone	Tom	Hazzard	714 368 7464	asianadobe@aol.com
La Moir Collection	Fidelia	Kirk	505 992 6846	asianadobe@aol.com
TFW	Monir	Jalili	949 263 2300	monirj@lamonir.com
Relics	Susan	Deluca	204 452 5786	Thesefourwalls@shaw.ca
Love Street			325 670 9282	friends@relicshome.com
Native Revival Nursery Crossroads Furnituremart			770 434 8578	
Times at Home			831 684 1811	plants@nativerevival.com
Portland Nursery SC41	April	Stoker	760 369 3900	
Kampanat	Christie	Coker	503 231 5050	coker@portlandnursery.com
	Lori	Hannum	831 464 2228	lori@sc41.com
HOM	Henry	Phookittikhun	818 986 5432	kampanatdecor@gmail.com
The Martin Collection	Lee	Thomas	760 770 4447	lee@athomeps.com
Woven Elements	Aurora		760 333 5272	themartincollection@verizon.net
Bella Bloom Flowers	Phyllis	Ripple		
Ground Level	Vicky	Marco	916 498 8588	vicky@bellabloomflowers.com
REK Enterprises	Dan	Zitlow	480 570 8721	grounglevelinc@msn.com
	Rudy & Erlinda		909 390 6887	sales@rekenterprises.com
Ernie Owens designs	Ernie	Owens	909 606 2493	codesigns@earthlink.net
Town Dump			480 488 9047	tdica@earthlink.net
Earthly Basics	Nasrine	Greene	510 528 2881	
Organic Style	Virginia	Hayes	415 259 2904	vhayes@organicstyle.com
Objects From the Orient	Jamie	Carrol	206 382 1575	jamie@monkeyseattle.com
Strangers List	Terrylynn	Fisher	925 672 0884	terrylynn@strangerslist.com
Popinjay	Janis	Dean	360 352 9841	popinjay.inc@comcast.net
Heather Allen Concepts	Janice	Hedman		janice_hedman@yahoo.com
Ishiharaya	Gay	Ishihara	808 671 3175	
Clint Eager	Clint	Eager	949 910 0004	clint@trendset.us
Estrella	Juanita	Miller	949 606 3196	juanita@estrellafurniture.com
Lavina Designs	April	Lavina	650 270 5289	lavinadesign@gmail.com
J's Fine Furniture & Art	Jay	Allen	704 287 6622	jaysfurniture@bellsouth.net
Rockymountain Furniture	Clarice	Malseed	406 582 8361	
Tubac Ironworks		Lien	520 398 2163	clien@rmfmfg.com
	Richard	Patterson	707 829 6700	
Artesanias	Courtney	Jones	415 643 6309	courtney@artef.com
Viva Terra	Bonnie	Trust Dahan	415 258 4582	bdahan@vivaterra.com

Azul & Company	Maria	Jose De Caires-Murphy	305 859 7859	mary@azulandcompany.com
Woof and Warp Fabrics	Paula	Hodges Kyle	562 430 3896	woofandwarp@aol.com
Daylight Home & Patio	John	Yan Zhou Billings	805 438 5346	thebuyer@pacbell.net
Vintage Wood Products	Glenn	Karlberg	866 930 5999	glenn@vintagewoodproducts.com
Stone Waters	Michael	Gordon	403 609 4477	mike@stonewaters.com
Visionart	Alec	Puskas	206 328 4537	
The Cabin Company	Mike & Jeanne	Strickland	828 454 0222	thecabincompany@bellsouth.com
lee Thomas				lee@athomeps.com
Lizi Ederi				lizi.ederi@gmail.com
Kelly Hegwer				info@bridgerlighting.com
Hilary Hopfe				hhopfe@ltdcommodities.com
Stephen Stone				stephen@earlysettler.com.au
Susan Nathan				susannathan@clearwire.net
Cj Knapp, IDS				cjknapp@edwinpepper.com
Michelle				mhbcollage@aol.com
jesus Roberto				robertoguerra@live.com
Henry				kampanatdecor@gmail.com
phookittikhun				
Krista frink				sloanes-etc@sbcglobal.net
linda studbaker				linda@tribecahome.com
charmell dela cruz				charmell@liocollectionusa.com
Maria Luisa Barahona				dejavu@equigrupo.com
sheri russell				sheri@instudiodesign.net
jared bradford lee				tel (801) 486-0407
Ilan Solomon				ilan@hoainports.com
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Michael Digman				mod@naturalfinefurnishing.com
Emerson Miranda				info@mybalihouse.com
Angela Wells				angelawells4foxx@aol.com
April lavina manio				lavinadesign@gmail.com
aida				(818) 500-0070
barry ward				bward@lampsplus.com
raj shah				rajshah@stoneagearts.com
marca neal				marcaneal@crestviewcollection.com
jennifer R. getz				ifdchome@yahoo.com
karen dallago				info@dallagodesign.com
Molly l. harris				mollyharris@willow-green.com
anne kennedy-budge				akbudge@acornmedia.com
bob pape				bpape@kenroyhome.com

6. LARGER RETAILERS WITH THE ABILITY TO IMPORT CONTAINERS (19)

Amongst this category were recognizable names such as two departments of Pottery Barn, Staples, Hudson Bay Company, Ashley Furniture and LTD commodities. This is by far the broadest category.

Based on my experience, some will order larger quantities than wholesalers and some will order less than small retailers over the course of a year. Some will buy from existing stock and some will order only their own designs. With these customers the biggest strength Eco Exotic has is that it can offer them a large variety of product that can be shipped in mixed containers. There is a question, however, of shipping FSC certified wood in a mixed container. Research is currently being done on this question. Their concerns and questions are as follows:

- **Price** – How competitive are prices in Indonesia compared to other Asian countries?
- **Quality** – Will the quality be consistent in large quantity orders?
- **Packaging** – Larger retailers don't want to deal with having to re-pack items. Some will sell from a floor model but the customer will actually get a pre-packed product from the warehouse or back of the store depending on the setup. At the very least they are concerned about the product being packed well enough not to get damaged in shipping from Indonesia.
- **Ability to mark and label cartons and to follow a packing guide** – Some companies require their cartons to be marked with barcodes as well as having their cartons not be over a certain weight or size.
- **Ability to protect their designs** – Some of these retailers such as Pottery Barn will need to be assured that their designs will be protected.
- **On time delivery** – Some of these companies will have systems in place which will penalize companies for not delivering on time.
- **Certifications** – Larger retailers asked for proof of certification.

6.1 LIST OF LARGE RETAILERS:

Pottery Barn	Angela	Postigo	415 445 3525	apostigo@wsgc.com
Pottery Barn Kids	Milva	Okinishi-Shahid	415 402 4229	mokinishi@wsgc.com
Hudson Bay Company	Alex	Yung	905 792 6299	alex.yung@hbc.com
Eclectic Essentials	Leslie		415 505 7496	leslie@eclecticessentials.com
A Homestead Shoppe	Bruce	Albert	574 784 2307	BrAlbert1@aol.com
Ashley Furniture	Jennifer	Waldmann	909 433 5303	Jwaldmann@ashleyfurniture.com
Vasses	Stanley	Tapia	787 447 8109	stanleytapia@yahoo.com
New Pacific Direct	Joseph	Suyanto	510 967 3444	joseph@newpacificdirect.com
Staples	Cheryl	Mullen	508 253 0011	cheryl.mullen@staples.com
LTD				
Commodities	Hilary	Hopfe	847 604 7623	hhopfe@ltdcommodities.com
Lets make space	Andy	Barrow	541 330 6526	andy@letsmakespace.com

Rockridge Home Spirit	Jennifer Cathy	Kaplan	510 420 1928 530 587 0948	solutions@rockridgehome.com
Wesco Fabrics Inc	Richard	Gentry	303 388 4104	dickgentry@wescoFabrics.com
Wesco Fabrics Inc	Eugene	Godina	702 737 7077	
Rochelle Slerbert Designs	Rochelle	Slerbert		rochelleslerbert@sbcglobal.net
Kitchen Kaboodle	Lynn	Bencroft	503 243 5043	lynn@kitchenkaboodle.com
Eclectic Décor	Rafael	Calderon	617 899 3711	rafaelcald@hotmail.com
Office Max	Julie			julisears@officemax.com

7. DESIGNERS (14)

For Eco Exotic, designers may be a niche market. Many designers are looking for suppliers of sustainable product for projects, such as decorating offices, houses and hotels. In most cases they will ask to have their designs produced. Servicing this group will be made easier by having a distribution center in the US. Their questions and requests are as follows:

- **Product variation** – often they need to know if they can get a standard product changed slightly.
- **Warehouse** – does Eco Exotic ship from a warehouse in the US?
- **Product expectations** – what will we do if the product is not exactly as we requested?
- **Costs** – mainly costs relating to product variation as well as what the premium will be for buying less than the minimum order.

7.1 LIST OF DESIGNERS

	Patricia	Figueredo	760 534 1487	patti_figueredo@yahoo.com
Nicole Robbins Designs	Nicole	Robbins	415 606 9384	nicole@nicoleroobbinsdesigns.com
CBG Designs	Cote	Butera-Gilmore	602 439 2793	cote@cbgdesignsllc.com
Egan Design Group	Patti	Egan	321 298 9364	patti.egan@egendesigngroup.com
Mitsuko	Katya	Castro de Guasch	503 221 4820	que_habil@yahoo.com
Christopher Kennedy Interior Design	Christopher	Kennedy	760 325 3214	chris@christopherkennedy.com
In Studio Design			435 645 8445	
G Martin Associates	Glenda	Martin	707 433 2449	toglenda@mindspring.com
Gabriella Ronegas Design	Colleen	Weiler	510 792 3682	colleen@gabriellarogegas.com
La Posada	Allan	Affeldt	928 289 4366	allan_affeldt@laposada.org
Koplan's	Merle	Koplan	360 695 3388	
Robson Design Group	Eileen	Ball	480 883 7376	eileen.ball@robson.com
Andrew Richard designs	Andrew	Bockner	416 601 1451	andrew@andrewricharddesigns.com
El Garces	Daniel	Lutzik	760 326 0583	

8. INTERNATIONAL INTEREST (4)

International inquiries came from Australia, Germany, Taiwan and Singapore. Singapore will be hosting a furniture show and is interested in having a living green pavilion. I have suggested to them that they provide free space to the members of Eco Exotic who may be able to provide guidance to other countries who wish to become certified. It would also be a fantastic marketing opportunity for Eco Exotic. We are waiting to hear back from them. They have been contacted by both Susan Inglis and me. Some of the requests and questions were as follows.

- **Warehouse** – can we buy from your warehouse in the US.
- **Furniture Fair** - Eco Exotic has been invited to exhibit in Singapore where they maybe given some space to exhibit with the SFC as they are exemplary international members.
- **Containers** – Other International furniture stores spoke to Eco Exotic about importing containers directly into their country.

8.1 INTERNATIONAL PARTIES OF INTEREST:

Casanova	Carlos	Cortez	044 686 113-1813	carlos@casanovadeco.com
Mobelsys	Carlos	Gomez Espana	5233 3656 2210	direccion@mobel.com.mx
ESR	Stephen	Stone	61 08 8410 0011	stephen@earlysettler.com.au
Mobelmarkt	Helmut	Merkel	49 911 95578 60	merkel@mobelmarkt.de
Atico	Nina	Cheng	886 2 2741 0011	nina.cheng@aticatw.com
International Furniture Fair Singapore	Rosalynn	Chua	65 6569 6988	rosalynn@iffs.com.sg

9. THE FUTURE OF ECO EXOTIC

9.1 ECO EXOTIC OPPORTUNITIES: DISTRIBUTION CENTER IN THE US.

The members of Eco Exotic find themselves in a unique position in that a fantastic opportunity has presented itself. This is the opportunity to have a distribution facility in the US. What should be realized by all members wanting to take advantage of this opportunity is that it is a significant commitment. Basically the members of Eco Exotic will have joint ownership of a company in the US. This company will be a subsidiary of Eco Exotic Indonesia formed to market and distribute their product in the US. It will be necessary for all members to go through the formalities necessary for starting a business in the US including the formulation of a comprehensive business plan.

As a group undoubtedly there will be many questions which will need to be answered before moving forward. Either all nine companies should form a core group or a group should be elected from the members to represent Eco Exotic and formulate core policies. Transparency and communication is the key here. The representative in the US should have a clear understanding of these policies and how they relate to him or her. It can be assumed that initially all members will invest equally but some companies will grow faster than others and in this case fixed expenses will become proportional.

My advice to the group is that they should work together whenever possible. Group work should never stop but rather be suspended for purposes of one-on-one communications between a customer and a particular Eco Exotic supplier. Namely, the member that gets an order will be communicating directly with the customer or will have the US based representative communicate with the customer. To eliminate confusion a clear decision will need to be made. If a member cannot produce the quantity required by the customer and wishes to share with other members, still, only the member who was received the original order should continue communications with the customer. Such policies should be put in place to create a clear and shared vision.

9.2 FACTORS TO CONSIDER WHEN ESTABLISHING A BUSINESS IN THE US.

Here are only a few of the basic factors to consider when opening a business in the US.

9.2.1 General Considerations.

- **Location** – The distance from a port has become increasingly significant with the increases in the prices of gas. Leases are usually 3 years. The size of the facility has to take into consideration the potential growth of Eco Exotic.
- **Employees** – As Eco Exotic grows, full-time warehouse and office staff will be necessary. In some areas of the country labor is significantly more expensive than others.
- **Cash Flow** – Managing cash flow particularly in the wholesale business is important as the investment is tremendous and the return is very rarely immediate.

- **Marketing** – All nine members will have to agree on a marketing strategy even though their interests may take different directions over time. It is important now for the members to come up with a core for their marketing strategy.
- **US Economy** – The current poor state of the economy may benefit an effort such as establishing a distribution facility in the US because more and more US companies do not want to carry significant inventories but rather they prefer to buy as they need.
- **Investment** – After SENADA leaves the project, Eco Exotic will have to sustain itself.
- **Administration** – Day-to-day running of the business cannot be done by a sales person as the business grows. A subchapter C corporation will need to be formed with the members as shareholders, and taxes will need to be paid in the US.

9.2.2 Positive Aspects.

- **Growth opportunity** – There is a tremendous growth potential for the members of Eco Exotic in the US market. Buyers such as Pottery Barn have expressed an enthusiastic interest in Eco Exotic for two reasons. First, Pottery Barn intends to become fully green by the year 2012. Second, it has experienced difficulty in finding certified green product from reliable suppliers, which Eco Exotic can offer.
- **Market share** – With the ability to manufacture and market an expansive variety of product Eco Exotic will soon become recognized for this ability.
- **Shared expenses** – Expenses can be shared between the members. These expenses will include marketing, paying for representation in America, as well as a distribution facility. Under other circumstances it would be impossible for any one company to achieve this on their own.
- **Support** – Eco Exotic has already received much positive press. As they represent a country which is in much need of rescuing, they will continue to receive positive press as well as support from the SFC which did a fantastic job at the Las Vegas market.
- **SENADA** – SENADA has created a strong base for Eco Exotic
- **The market place in the US is changing** – People have started looking for more unique product with deeper meaning. Eco Exotic satisfies this need.

9.2.3. Negative Aspects.

- Eco Exotic is supported by SENADA. Once SENADA steps back, will Eco Exotic have the ability to sustain itself
- Eco Exotic will be carried by the stronger members. If one or more member decides not to continue their membership, will Eco Exotic collapse?
- As good as the current members are at working together, at some point there will be disagreements.

- Uncertainties in the American economy.
- Lack of experience of Eco Exotic members in the American market.
- Resources will be spread between production and maintaining an operation in the US.

10. ADDITIONAL MEMBERSHIP

I have never witnessed nine individuals, each representing different entities, work so well together. I believe that it is the nature of the people which makes this possible. They have expressed an interest in having more members. I believe that this is driven by their desire to share their vision for conservation and sustainability. Eco Exotic will need to have policies and structure in place should the membership grow rapidly. Criteria for membership should be based on no less than what the first members of Eco Exotic were qualified by.

It would be wise to involve members from other sectors of industry that are not represented here, such as textile and footwear. Once other sectors are involved, those sectors will need to formulate their own marketing plan with their own budget, as the one in place addresses only the furnishing and home décor industry. All new members should be required to abide by the existing core policies or core values. I believe that Eco Exotic has to decide whether to establish a distribution facility in the US before it takes on new members because existing members have been exposed to the US market and the new ones, who have not been exposed, might not be able to make an objective decision and will complicate the matters.

11. KEY STEPS TO INSTITUTIONALIZE ECO EXOTIC

Key steps for institutionalizing Eco Exotic are as follows:

- **Information Sharing** – It is imperative that Eco Exotic members be given more information in order for them to better understand all the requirements, advantages and disadvantages of establishing a distribution facility in the US. The American representative should give them information regarding corporate laws in the US, tax information, a budget and an outline of a marketing strategy. It is also important that they share information and experiences with each other.
- **Understanding** – The members of Eco Exotic have had a small taste of the American market. They will have questions that need answering in order to make the commitment and formulate policy. They should present their questions to SENADA and their American representative in writing.
- **Commitment** – After fully understanding the requirements, they will need to commit fully to the undertaking. This will mean a binding agreement.
- **Core Policies** – They will need to draft an agreement between themselves and the American representative with a set of core policies and/or core values which can be used to refer back to should uncertainties arise in the future.
- **Business Plan** – I believe all the members of Eco Exotic are accomplished businessmen and should combine their ideas to come up with a comprehensive five-year business plan to include finances and a marketing plan.
- **Approval** – This plan will need to be approved by all the members of Eco Exotic, their American representative, as well as SENADA.

If Eco Exotic is to brand itself in America and stay together I believe that they will have no choice but to set up a distribution facility in the US. From my experience approximately ninety five percent of orders written at a trade show are written by small retailers who require product to be shipped from a location within the US. If Eco Exotic want to target only wholesalers and bigger retailers who have the ability to buy containers they should probably exhibit at trade shows in Jakarta where buyers are looking for product sources.

There is a certain amount of risk for the members as resources will now be shared between production and maintaining a distribution facility in the US. However the long term benefits are significant. What the members of Eco Exotic will have to realize that they have been very fortunate to receive support from SENADA. Once SENADA steps back the work load will be shifted to the members and their representation in the US. Their success will depend largely on their representation in the US.

12. POSSIBLE IMPROVEMENTS

Possible improvements to the trade show management include:

- **Advertising** – if Eco Exotic is going to brand itself in the US, I members should consider advertising in one of the trade journals on an ongoing basis.
- **Order Taking** – Eco Exotic should be prepared to take orders from small retailers which means shipping from a US based warehouse.
- **Sponsorship of an event** – Eco Exotic members should consider sponsoring an event at the living green pavilion at the next show. They could provide food and refreshments on a particular evening to bring customers in.
- **American Market** – I would suggest members of Eco Exotic take the time to observe some of the other exhibits to familiarize themselves with products and design in the US market.
- **Signage** – Posters should be placed in the booth with detailed information on the processes and material used by Eco Exotic.
- **Product tags** - products should be tagged with descriptions of why these particular products are environmentally friendly.
- **Catalog** - One Eco Exotic catalog with products from all suppliers would make for a lot less confusion.
- **Seminars** – members should attend as many seminars as possible to better understand where the market is going.

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