

Growth, Green & Team

Watson Furniture is growing profitably, with an eye on environment and buying locally.

By Rodika Tollefson

While the economy has stifled growth for most companies, at Watson Furniture Group Inc. in Poulsbo, the downturn has brought nothing of the sort. And in the eyes of company president Clif McKenzie, what people see as the economy turning around is really a paradigm shift.

“Our world has changed... Once we realize the world has changed, we’ll be fine,” he says. “We should all agree the recession is not over, but rather it’s a new world, a new tomorrow — let’s grow from there.”

For Watson Furniture Group (www.watsonfurniture.com), the new tomorrow means responding to the changed market by becoming more efficient, adding new products and continuing to “grow profitably,” according to McKenzie. A move by the company last year has perhaps proven things are going in the right direction: Watson acquired Magna Design of Lynwood, which added a new brand to the Watson Group line for a total of three. The company also used the downturn to invest heavily into new software and product development, which will allow it

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Clif McKenzie, prtesident Watson Furniture Group Inc.

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to not raise pricing coming out of the recession.

"This recession is an opportunity to begin our next growth strategy. We're not hunkering down," he says.

Watson Furniture specializes in made-to-order, European-inspired, adjustable furnishings for offices, public safety call centers and conference rooms. The high-quality, space-efficient furniture's fans include corporations such as Boeing, Nike, Lockheed Martin and the federal government. And while the products boast innovative and functional designs that use advanced manufacturing processes, what makes the company truly unique is its approach to business.

McKenzie describes it as an approach based on "making our children and our parents proud"—being good stewards of resources and the environment around them. He says his generation grew up being taught they needed to help make the world a better place.

"We want to return this world in a better condition we found it, it's what our parents told us," he says.

Growing up in Bremerton, McKenzie recalls his father walking home from his job at the shipyard and picking up garbage from the road. "He said somebody had to do it. He made the world a better place," McKenzie says. "It stuck with me we can all be somebody by helping our environment every day."

Helping the environment, to him, means taking care of the little things because "the big things will take care of themselves." Little things like sponsoring an electronics recycling day for employees, and covering the cost of proper disposal.



"It's real easy to do, there's some expense but in the end, we made it easy for our employees to do the right thing," he says.

Not that the environmentally friendly methods used by the Watson manufacturing operations are small by any measure. The facility uses a scraps-free approach that includes using computerized systems to get the highest yield from the wood via nesting. Any leftovers are then either recycled to make pallets used in the shop, or delivered to Tacoma, where it's turned into fuel.

"This is one of the biggest things we do for the environment to minimize scrap," Andy Philley, plant manager, says of the nesting system (which is also used for cutting the steel parts).

Other "green" aspects include using water-based stains and glues, recycling the water, eliminating most packaging for transportation and sourcing recycled materials, such as fabric made in Michigan from recycled plastic bottles. Recycled or rapidly renewing materials, sustainable certified wood and local

sourcing are among the key criteria used in the shop. For example, the wood fiber substrate used for the desks is 100 percent recycled byproduct from Northwest milling operations and is 100 percent recyclable. The aluminum and steel for brackets and other parts are made from as much as 90 percent recycled materials.

"We try to keep everything as local as possible because we don't want fossil-fuel burning," Philley says.

The steel parts are powder-coated instead of being spray-painted, using a high-pressure "steam bath."

"Every bit of powder is recycled, reclaimed and reused," Philley says. "... The powder coating is also more durable than wet paint."

Since many of the business practices are about reducing resources, it helps save money but McKenzie says not everything is about economic payback. Using water-based solvents, for one, is more expensive.

"We have a responsibility to this community to leave it in a better shape, and that's hard to do when you're spewing VOC (volatile organic compounds) into the air," he says. "We are trying to be a responsible and quiet community member, to peacefully co-exist with our neighbors, to be symbiotic and to provide jobs."

Providing jobs has been another key factor, according to McKenzie, who was born and raised in Bremerton. The 85,000-square-foot facility employs 150 people currently, and the idea behind its future growth strategy is to grow local manufacturing jobs.

The manufacturing facility is located on 35 parklike acres on a property employees call the Orchard, a sustainable campus in itself. Only low-maintenance, native plants are used in the landscaping and the building was designed for maximum energy efficiency as well as to provide a healthy work environment for staff. Currently, 23 of the acres are developed and the company has site approval

to add a 200,000-square-foot facility.

"I don't have a building goal. I want to grown employment and profits," McKenzie says. "... Companies that don't grow lose their best people, their energy and passion because growth is energizing; growth is fun."

Not everything has been smooth sailing for the 40-year-old business. Watson Furniture was founded by Grahame Watson, an immigrant woodworker from East Africa, on Bainbridge Island in 1960. His furniture solutions were visionary, leading to designs that were ahead of their time. McKenzie bought the company in 1990 together with Bill Haggerty and Daniel Warn. The partners had been in business together for 27 years. The operation moved to its current Poulsbo location a decade ago.

At the time of acquisition, the manufacturer had 40 employees. McKenzie, who owns half of the company, says he started by trying to figure out what the company was good at. "In the process, I almost drove the company out of business, but we got our focus," he says.

The low point was in the mid-1990s, when Watson started losing some market share. McKenzie says he has learned to make better decisions through that downturn and the company continued to move forward. Turning things around, he has continued to lead the corporation to growth. Except for some shrinking in business between 2007 and 2009, Watson Furniture Group has stayed on track with its economic growth while continuously expanding environmentally sound practices.

McKenzie says the employees are the company's biggest asset, and are treated accordingly — with good wages, health care plans, 401K retirement and profit-sharing. The workforce is flexible: cross-trained, with multiple skill sets and willing to do various things. He calls it "in-sourcing" and says even with staying away from outsourcing to Asia, Watson Furniture is able to provide competitive pricing, outbidding other American companies that source overseas.

"I think the quality of our team is extraordinary," he says. "We work hard, no bones about it."

It's that team that's keeping him involved in the business. McKenzie says he originally thought he would run things for a while then sell out. Instead, he moved to Bainbridge from Seattle and became deeply emerged in creating a successful company.

"We're a successful organization because of our people. I have a responsibility to them," he says. "... I am fortunate that I love what I do. I want to be active, I want to make a difference and I want to contribute — and I can do all those things well here."