How Cloud ERP Helps the Retail Furniture Industry Tackle Its Biggest Challenges

Bound by legacy software applications but ripe for change, the retail furniture industry is in a great position to fully leverage all of the benefits that a unified cloud ERP offers.

Look around at the retail furniture industry right now and you'll see a sector that is exploring new opportunities while also facing down a wide range of challenges. On one hand, HGTV shows like *Extreme Makeover* and *Fixer Upper* are driving a home improvement bonanza and prompting

consumers to upgrade their abodes with the latest and greatest home furnishings.

On the other hand, furniture retailers are struggling under the same challenges that most of their brick-and-mortar counterparts are grappling with, including less store traffic, ever-changing consumer preferences, and the push for faster delivery times in an on-demand, digitally-driven sales environment. Outside factors like the current political environment, ongoing international trade wars, and tariff

uncertainty are also impacting the industry.

In this white paper, we look more closely at the key challenges that today's furniture retailers are dealing with and show how a unified cloud ERP can help them operate and compete more effectively in this dynamic environment.

The Forces of Change

With [annual revenues of about $114 billion](#), the U.S. retail furniture market has been on a [steady growth curve over the last few years](#). Driven by a strong national economy, the industry is seeing healthy growth in its e-commerce sales as furniture shopping becomes increasingly popular among millennials.

"Companies such as Amazon and Wayfair have capitalized on this trend to become formidable players in the sector," [Coresight Research](#) reported. "Brick-and-mortar stores remain the format of choice for the majority of US consumers, but establishing a strong omni-channel presence has become imperative in a sector in which research online, purchase offline is commonplace."

Calling e-commerce the "elephant in the room" for most furniture retailers right now, Rich Rotman, Senior Solutions Consultant at 5-Star NetSuite Provider Centium Consulting, Inc., said furniture e-tailers are beginning to eat away at brick-and-mortar profits. Historically focused on getting a certain number of

people through their front doors, and then converting about 25% of them into paying customers, retail furniture stores have watched that traffic dwindle over the last two decades.

"Closing percentages have gone up," said Rotman, a furniture industry veteran whose family owns Rotmans Furniture, New England's largest furniture and flooring store, "but traffic continues to decline." These realities have created both concern and panic for furniture retailers, many of which are beginning to develop their first e-commerce storefronts.

Technology Upgrades Wanted

Working with furniture retailers whose annual revenues range from $20 million to $500 million, the Centium team sees firsthand the obstacles these organizations face in the race to digitize their operations and serve their click-and-mortar customers. These pressures won't ease anytime soon. [According to Statista](#), worldwide online furniture sales are growing by 10% annually and will reach a total market volume of $289.3 billion by 2023 (up from $200 billion in 2019).

To meet these demands, furniture retailers will not only need robust, engaging e-commerce storefronts, but they'll also need unified cloud technology systems that integrate well with other applications. "The industry as a whole has been dogged by legacy applications," said

Brian Denham, Centium's President. "It's also using applications with industry-specific functionalities, with the end result being a lot of information silos and systems that don't 'talk' to one another."

Exacerbating the challenges is a workforce where salespeople aren't generally tech-savvy, and where customer databases are both outdated and stored in on-premise, legacy systems. "Nothing is really in the cloud at this point," said Rotman. "Plus, employees' technology skills aren't up to date, so furniture retailers aren't exactly eager to move away from their legacy systems and into the cloud."

From Zero to 60 in Seven Months
Knowing the technology, industry, and customer challenges that furniture retailers are dealing with right now—and the opportunities that lie before them—Centium has built out NetSuite-based software bundles that cater specifically to these retailers. When Rotman joined the firm in 2018, he brought with him a level of experience that most other IT consultancies couldn't touch. A Home Furnishings Association Board Member, Rotman joined his family business in 2015.

At the time, Rotmans Furniture was using a menu-driven, on-premise business management system. "90% of day-to-day operations were done with function keys and memorizing codes to run a process," Rotman recalled, "getting

help on the system was looking thru manuals in 3 ring binders."

Located in Worcester, Mass., the retailer had been using the GERS Retail System for 25 years. Difficult to upgrade and expensive to maintain, the software system included a rigid point of sale (POS) solution that provided little visibility to the company's user base. "Managing general accounting processes was cumbersome and antiquated," said Rotman, "and made reporting and analysis difficult."

Other key challenges that Rotmans Furniture was dealing with included virtually no business intelligence abilities (when comparing sales across products, vendors, or collections), and a CRM that was less about the customer and more about putting customer problems and issues into preconceived buckets. Finally, the system's legacy vendor return process no longer worked for the vendors and was costing the company thousands of dollars every month in unclaimed returns.

Before selecting NetSuite, the company also considered STORIS, Myriad, and PROFITsystems.
Within seven months, Rotman had converted the company over to the NetSuite ERP plus CRM, Order Management, Case Management, and OneWorld. NetSuite Cloud instantly helped to bridge the gap among employees, devices, and locations, said Rotman, who saw user role management

and custom dashboards increase user efficiencies by 25 percent while NetSuite's case management decreased open cases by more than 20 percent.

With a new, unified business management system installed, company departments suddenly had all of the images, documents, and customer communications right at their fingertips in the cloud. And by automating the vendor return process, NetSuite helped Rotmans Furniture get more credits from vendors. Other key wins are reduced errors and increased efficiencies in the warehouse; better inventory management; and a $40,000 annual reduction in printing costs (mainly for unnecessary reports).

Using NetSuite OneWorld, Rotmans Furniture saved thousands of dollars when it merged with another company. "The entire process took only a few weeks to get up and running," said Rotman, who, after realizing the value he could bring to other furniture retailers that were in the same boat as Rotmans Furniture, joined Centium as a senior solutions consultant. "NetSuite allowed Rotmans Furniture to change its business model, scale into new verticals, and create better business processes," he added, "all on one platform within just seven months."

Improving Visibility
With a typical implementation time of about four to eight months (depending on the complexity of the project and the

company's goals), Centium's retail furniture bundles include custom attributes, fields, and scripts that were develop specifically for the industry. From buying and merchandising; to sales and order management; to the post-sale customer experience, the bundles effectively automate manual processes—or those previously managed using on-premise legacy systems.

Other important features include accounting (e.g., tracking landed costs, managing tariffs, advanced receiving) and fulfillment and warehousing (e.g., vendor return authorization, custom picking labels, inbound shipment customizations), both of which help retailers create more streamlined, automated business processes.

Once in place, the NetSuite ERP and Centium bundles provide levels of business intelligence that furniture retailers couldn't get from their existing systems. This, in turn, allows them to analyze their business processes and make good decision on the fly, versus waiting until the end of the quarter or year to make those changes. Before implementing NetSuite, for example, one manager told Rotman that his company "couldn't even get a simple cashflow statement for his stores."

Unable to figure out his organization's cash position, that manager was literally flying blind in an industry that's being disrupted almost daily. Another retailer

that has more than 25 different variations of salesperson commissions used to manage all of that manually. Today, it has a NetSuite-based system that manages those variations automatically. This native solution saved the retailer tens of thousands of dollars that a custom solution would have required, Denham said, while also freeing up its accounting department to focus on more important tasks.

Managing Industry-Specific Functions
An industry where everything from purchasing to ordering to managing salesperson commissions is handled manually, the furniture industry is ripe for automation. With NetSuite's built-in functionalities, the retail furniture industry can more effectively manage stackable promotions—those that include a certain product, a financing deal, and free shipping, for example—which are extremely popular among furniture buyers.

"Most software platforms can't handle two promotions at the same time," said Rotman, "let alone three or four." Ultimately, this and other "wins" are helping furniture retailers cater to customers that are less likely to visit their stores and more likely to shop online when buying new furniture and accessories.

"We're at a point where these companies really need to evolve, and their legacy systems are keeping them stuck in a box," Rotman concluded. "The wonderful thing about NetSuite is it allows you to evolve your business without being handcuffed. If you want to change your business model, alter the way you do things, or move from being a special-order retailer to one that holds more inventory, NetSuite can handle it all for you."

About Centium Consulting
Centium Consulting is a dynamic consulting company that provides business information systems solutions, business intelligence solutions, and application support to customers in diverse industries. Committed to delivering high value, we work closely with our clients as strategic partners in order to develop and realize technology driven business initiatives.

About NetSuite
In 1998, NetSuite pioneered the Cloud Computing revolution, establishing the world's first company dedicated to delivering business applications over the Internet. Today, NetSuite provides a suite of cloud-based financials / Enterprise Resource Planning (ERP) and omnichannel commerce software that runs the business of more than 30,000 companies, organizations, and subsidiaries in more than 100 countries.