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Product Evolution

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By Rob Kirkbride



Many companies in our industry claim to evolve -- roll with the punches the economy gives them and change into something different to adapt. Most of the "evolution" talk is just that -- talk. But in an industry where little really changes from year to year, one company, Three H, can rightfully play the evolution card. From its founding in 1973 to today, one could argue Three H has gone through a series of changes to help it grow.

Indeed, Three H isn't finished evolving. After previewing it for a few years at NeoCon, Three H officially launched its MultiStations OS line in 2009, a collection that brings together the best of both casegoods and systems furniture. The company added major enhancements to it this year. The product is noteworthy because it marked the company's shift from being known as a private office seller to a company that could supply the private offices and everything in between. MultiStations OS is the company's latest incarnation.

But Three H has a history of evolution. The company was founded in 1973 by Heinz Dittmann, Helmer Pedersen and Helmut Moeltner (the three H's). The company originally specialized in manufacturing middle- to high-end European-style residential furniture, but the company shifted its focus into the office furniture market in the late 1980s.

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The company remains family owned, said Brian Conlin, president. "Our founders helped introduce European craftsmanship and technology to the North American market," he said. "We were offering these 32 millimeter systems that were strange to North America. The first program we had was a wall system, Uniwall. Over the years, we transitioned from wall units and entertainment centers to the home office."

The company focused on highly customized products, which was rare in the furniture industry in the 1970s and 1980s. Three H's process, from specification through to manufacturing, gives customers a tailored solution without the delays and high costs typically associated with going custom. Products are specified "by the inch" making it possible to scale Three H products to virtually any space requirement. Most requests are shipped within three to four weeks from the order date.

In the 1980s, the company realized the home entertainment system market was going to Asia. Its move to the home office market gave it the insight and opened doors to allow it to go into the private office arena. That led to its hybrid system, MultiStations OS, which opened up the rest of the office to the company. And why not? The company was successfully winning projects for private offices that ringed the building while major office furniture makers were winning bids for hundreds of workstations in the center. Three H had the doughnut. It wanted the doughnut hole as well.

"About 1990, we just saw the way the residential side was going and it was very shaky," Conlin said. "That was a bad one (the recession) in 1988, 1989 and 1990. Three H saw huge potential in the office. We could offer custom sizing and a totally different slant on it."

The company grew and in 2003, Three H opened a permanent showroom in Suite 339 of the Merchandise Mart. Two years later, Three H launched its GO system for the education market. Unlike many Canadian companies, Three H is not based in Toronto. Instead, it is in New Liskeard, ON, about 300 miles north of Toronto. The company's ongoing success resulted in the expansion of its New Liskeard facility in 2006.

Three H executives feel they are in the market sweet spot. The products are priced lower than many of their competitors, yet at a quality level with an attention to detail typically reserved for higher end executive offices. The company's furniture features options like hand finished solid wood edges and mitered corners.

But 2007 was the year Three H decided to really roll the dice. The company unveiled a new brand identity and it started previewing its MultiStations OS series, which would be officially launched in 2009. The company took a major leap of faith and staked its reputation on the product line. So far, it has worked out well. "Our rebranding really helped us be recognized more in the architecture and design community, which we felt was absolutely necessary," Conlin said. "It is the specifiers that really move you along in the industry. We re-branded and had a whole new image."

Sales at Three H break down about half and half between Canada and the U.S. Though the company feels the "greatest potential" in the U.S., its Canadian business is strong and "will continue to grow," Conlin said. Three H is one of the few Canadian companies to work in U.S. dollars, which has helped as the Canadian dollar moves closer to parity with the U.S. dollar. The fluctuation of the currency certainly affects Three H's profit line, but its customers haven't seen the wild pricing moves necessary with some other Canadian companies. Toronto continues to be the hub of its sales and the company is working hard to tap into the city's massive architecture and design community, which is a large but closely knit group.

The company hasn't strayed far from its European roots. Executives still take in the major European shows, which Conlin said gives Three H a two-year head start on things like design trends and colors. Still, he doesn't count Three H as a trend-setting company. "But we do make a fantastic product," he said.

Three H will continue to develop its MultiStations OS product. Recent enhancements helped make wiring easier. Now, the company just needs to get its products in front of more decision makers. If we do that, we will win contracts, Conlin believes. "It's going to be growth with the products that we have," he said. "How do we get there? Be better known. Decision makers need to understand who we are and what we can offer. Once we show them the product -- once they see the quality and price point -- we will make the sale. We are one of the few companies where our product looks better in real life than in a brochure. Our goal is to have (decision makers) look at it and say, 'This is a viable alternative.'" 