



A conversation with Jorge Mata,
CEO of Whitewood Industries

BUTCHER JOSEPH & Co.
INVESTMENT BANKERS

Founded in 1982, as a manufacturer of ready-to-finish furniture, Whitewood Industries has evolved into a leading supplier of both finished and unfinished furniture throughout the US. They are committed to their mission of providing the most beautiful, quality home furnishings at a tremendous value.

In late 2017, the original co-founders, Jorge Mata and Rob Feibel, sold the company to its employees through an Employee Stock Ownership Plan, known as an ESOP. Whitewood's president and co-founder, Jorge Mata shared, "Selling to an ESOP allows our employees to become financial participants in Whitewood's continued success as they expand the Company's profitability, operational efficiency, and emphasis on customer service."

We sat down with Jorge to get his outlook on the industry, what he sees for the future of furniture wholesaling and the impact of selling his company to an ESOP.



Where beautiful furniture begins.

Who is your typical customer?

Whitewood Industries services a broad and diverse customer base, from small regional and single-site retail stores, to large mass--merchant online stores.

Through these customers, we provide three core service offerings:

- 1. Whitewood Ready to Finish** - Sells unfinished wood furniture
- 2. Whitewood Custom Finish** - Sells wood furniture customized to a customer's preference (stain, color, etc.)
- 3. Whitewood Contracts** - Services the hospitality industry and commercial accounts, and sells upholstered wood furniture

Over the past few years, we've seen the most growth in the bedroom category, which is a fairly new product line for us.

What are your goals for the company this year?

While we expect steady sales growth to continue over the next 12 months, our long-term goal is to continue increasing our sales at approximately 8-10% annually. In regard to future market growth, the custom products market continues to be a focus for us as the modern consumer seeks new opportunities to inflect their personal touch. We also anticipate growth in our hospitality and senior living division, and we continue to be focused on increasing our overall performance and decreasing lead times.

WHITEWOOD INDUSTRIES

- COMPANY HIGHLIGHTS -

90% of the market share for unfinished furniture in the U.S.

Only major player in the industry to offer custom finish where customers can select from over 3,500 different combinations of customization

Over 1,500 SKUs in its catalog of product offerings

What are the most significant opportunities for the future?

For Whitewood specifically, we see the hospitality and senior living divisions having the most opportunity for growth as we are fairly new in this large market.

For the industry as a whole, consumers are looking for faster delivery and the ability to customize their products. With the growing trend of online research and purchases, products must be easy to find and have as much detail as possible.

How has the evolving economy affected your company?

We haven't seen much change in furniture products other than the customization aspect. The venue has been changing as the online shopping window has continued to grow leaving the brick and mortar stores.

Currently, the economy is doing quite well, but the biggest problem I see for the sustainability is the very tight labor market. I think this could eventually hurt the economy as a whole.

Also, because of the tariffs imposed on product from China, there has been a push for price increases, and I think this will continue in the near future.

INDUSTRY AT A GLANCE

Furniture Wholesaling in the US

Revenue	Annual Growth 14-19	Annual Growth 19-24
\$53.4bn	2.2%	0.9%
Profit	Wages	Businesses
\$2.0bn	\$4.7bn	10,816

*IBIS World 2019

Do you have any future areas of concern for the industry?

The increased online business is definitely taking a toll on brick and mortar stores. This trend continues to increase year after year with more sales done online. No longer is furniture a touch and feel product, it has become more price driven and customization focused. This could be detrimental in the long run for the furniture buyer.

What have you found to be the hardest positions to hire?

Just about any job is very difficult to fill in our present labor market. Skilled labor such as furniture finishers are nearly impossible to find.

What does employee ownership mean for you and your company?

Employee ownership for us is a way we can get our employees more involved in our business and to provide a long-term benefit to our employees. Selling to an ESOP allowed our employees to become financial participants in Whitewood's continued success while directly contributing to the profitability, operational efficiency, and emphasis on customer service.



“...becoming employee owned is an incredible milestone in our Company's story.”

— Jorge Mata