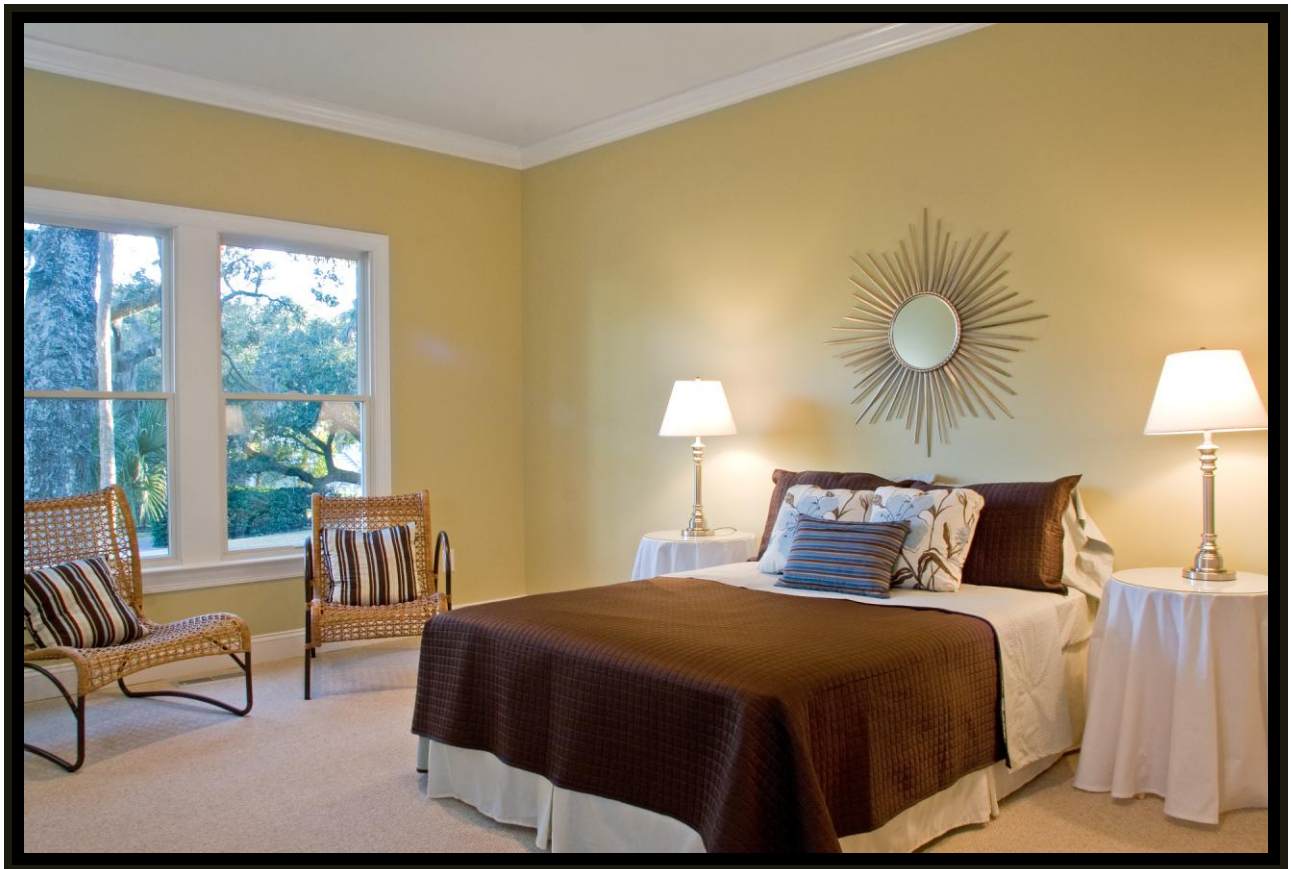




Accessories, Inventory & Management



Inventory Issues

Whether you choose to focus your business on Redesign, Staging or Vacant home staging you will likely have to purchase some inventory. This can be a great additional source of income, but will require you to be organized. It may also mean taking out a business loan or investing some of your initial income. However you choose to handle this here is some information you'll need to understand...

Acquiring Inventory – Inventory can come from many places. Most of it will be purchased. It is recommended that you become a super savvy shopper and always be on the lookout for good values in common items such as linens, art and lamps. I've already provided some of my favorite stores, but don't forget about the following options:

- Thrift & consignment stores – this can be a great place to pick up dishes, chairs you can slipcover, or furniture you can refinish
- Estate auctions/sales – rugs, furniture, art and accessories can be found at great prices. Go often for your best buys.
- Yard sales – this is particularly good for buying mattress sets. They are usually very inexpensive because in many states they cannot even be donated. If you go at the end of the day sellers may let you just simply take it off their hands for the cost of hauling it away! Remember, no one will be sleeping on them (this is for vacant staging) so it doesn't matter if they are stained or worn.

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Storing Inventory – This will change as your business grows. Many stagers will store their inventory in an unused room of their home, garage, attic or basement. As your business grows you will likely need to expand to a storage unit of some kind. When you get to this point, I recommend that you actually rent two storage units (one can be very small). Store furniture, rugs, and larger pieces in one storage unit. In the other unit, set up a shelving system and store your art and accessories. This will make it easier for you when you take visual inventory when planning for staging day. It will also help keep you from burying accessories or having them accidentally broken by movers.

If you choose to invest in larger inventory pieces and stage multiple vacant properties at a time, you may even need to invest in a warehouse type space. This is probably not something you will want to do in the beginning. Because your inventory should spend most of its time out working and earning you income, this is not something to consider until you routinely have at least 4 storage units full, OR the cost of the warehouse is significantly less per square foot. You will likely be required to sign a 3 or 5 year lease, because of this you will want to make sure you have a steady stream of clients and can handle the payments during slower months or turns in the market.

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Tracking Inventory – There are a few different ways to track inventory & several computer programs that can help with this.

- The most common and widely used programs are Darby and Inventory Guardian. You can download photos, pricing, etc to the program. You can then print barcodes for each piece. Using the bar code scanner, you simply scan and sync to track inventory upon staging or un-staging.

- Another common system of inventory tracking is www.photobucket.com . When props are added to a home, you simply download photos of each piece of inventory into a file. You can then print thumbnails of inventory to save in your file.

- Probably the most common system is simply a ledger/list of inventory stored in each property. This list should include replacement cost if the property is damaged, destroyed or stolen.

Regardless of the program you choose, a copy of inventory installed should be given to the homeowner or agent. You should also keep a copy in your files. When you pick up inventory on un-staging day you will want to check to make sure all items are accounted for.

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Transporting Inventory – Physical labor... This is not the glamorous part of staging! However, if you choose to carry inventory you will need to address this issue.

- Using your own vehicle – Regardless of which type of staging you perform, you will likely need to transport at least some props. When your business grows, you may even choose to invest in a van or trailer. In either case you will need to know some basic information. *Please consult your accountant and insurance agents for the most accurate information for your specific situation.*
 - If you use your vehicle for business and personal use, you will need to keep careful track of your mileage for tax purposes. Write down what the mileage is when you leave, where you are going (business purpose) and notate the end mileage.
 - If you use your vehicle solely for business, you will need to keep track of all related expenses including gas, repairs and maintenance.
 - You will need to have either business use or commercial use insurance. *To determine which you will need, consult your insurance agent.*
- Renting vehicles – another option for transporting inventory is to rent a truck or trailer from companies like Hertz or U-Haul. You can find rental companies in the phone book. You will need to show your driver's license and proof of adequate insurance. If providing a full vacant home staging, this is probably not particularly economical. Most

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of the time hiring a mover will cost the same as renting a small box truck for the day and you will be responsible to load/unload the furniture. You may also need special insurance coverage since you will be doing this as a business. *Check with your insurance agent for their recommendation.*

- Hiring Movers – Unless you have invested in a trailer and have help on hand, almost all vacant staging jobs will be done with hired movers.
 - The best place to find movers is to ask around. In particular check with local furniture stores. Smaller stores in particular often hire local moving companies. You may also want to check the phone book and watch for trucks on the road.
 - Many will require two hour minimums. If you are busy, ask them to waive this for you, or ask them to discount the hourly rate based on routine volume of work.
 - Shop around, rates will vary dramatically. Some will require a non-refundable deposit upon scheduling while others will simply charge you after the move. Tipping is optional. Because I work with the same moving company several times a week, I only tip on particularly difficult jobs, during bad weather, or on holidays – such as Christmas.
 - Different companies will also have different flexibility of schedule. You will need to determine what works best for you.

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- It is important that the movers have coverage for damage to your belongings, property damage liability, worker's comp, etc. Ask for proof when you begin working with them. If staging builder's spec homes, the builder's insurance company may require proof as well.

Working with Furniture Rental Companies – Some stagers may not want to deal with the paperwork, taxes or moving of inventory. Others may simply not want to invest in and store larger pieces. Business may actually grow too quickly for investment in enough furniture for all the jobs you bid on. This is when you will want to consider renting furniture. Companies vary from location to location. *Check the phone book or internet for stores available to you.*

- Most furniture rental companies do not provide accessories. This means if you choose to do Occupied staging with props or Vacant home staging, you will still need to stock these items.
- All furniture companies have minimal rental periods. Typically these are in the 30 day to 3 month range. Longer periods may provide discounts. Some companies may also require deposits. It is recommended that the contracts are between the rental company and the homeowner – not the stager. Since it is in their home and they have full time access, or may be using them, if you are on the contract, you will become liable for any damages or losses.
- Visit the showroom or warehouse and examine the furniture that is available. Make sure you talk with a sales rep and let them know what type of property the furniture will be placed in and if it will be used. You may be able to negotiate newer furniture for vacant home staging.

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- Ask if the company offers discounts or pays referral fees to stagers. This could be an additional source of income.

Selling/dispersing of non-usable inventory items – Eventually you may find that props have become dated, faded or even worn. It is now time to retire them. If they are still in good shape, selling them at a consignment store or estate sale may be an option. If they are only in OK shape then perhaps you should consider donating them to a charitable organization such as Goodwill, Habitat for Humanity or the National Kidney Foundation. This will yield a tax deduction for your company while helping someone less fortunate.

Stolen/Damaged items – This is unavoidable. This will happen to you eventually. Your contract should clearly identify who is responsible for lost, damaged or stolen items (typically the homeowner). Because you are a smart business person, you also have insurance to replace any items that the homeowner is unable to cover. The homeowner does need to be responsible for any deductible.

Valuing Inventory for tax purposes – There are many ways to itemize inventory and its depreciation. You must keep accurate records of all inventory purchases, losses and damages. Typically inventory value is based on its purchase price less annual depreciation. You will be required to pay taxes on inventory as it is a company asset. *This should be discussed with your tax professional for your most accurate advice.*

Where to purchase props

I have found that there are some specific national stores that have a good variety of neutral props at reasonable prices. Many of these you will be able to receive discounts with after completing this course and filing your business paperwork. Please take the time to check out other resources in your area; you may find local businesses will help you greatly especially if you purchase large quantities or shop them frequently.

- Kirklands Home Store
- Pier 1 Imports
- World Market
- Ross
- TJ Maxx
- Marshalls
- Costco
- Sam's Club
- Walmart
- Target
- JCPenney
- Home Goods
- Garden Ridge