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MARKET For Used Furniture: Proving Opportunities And Options, THE

[Office World News, Mar/Apr 2004](#) by [Schwartz, John](#)

The period between November of 2000 and June of 2003 will be recorded as the high- water mark of our lifetime for those dealers who buy and sell used office furniture. While the boom times for the used market are winding down, there are still opportunities for dealers to painlessly and profitably procure previously owned furniture for their clients.

THE PERFECT STORM

For the used furniture market to exist, there must be an available inventory of product in the quality and configuration that an end- user (customer) desires to purchase. Traditionally a lack of consistent inventory flow has hampered the large scale buying and selling of used furniture. Simply put, there were never enough sellers with quality product to significantly impact the overall marketplace. This all changed when the Perfect Storm hit.

The Perfect Storm in the used furniture marketplace began in the late 1990s. The storm was created when the incredible boom years for new office furniture sales between 1996 and 2000 (compounded industry growth of 32.4 percent based on BIFMA figures) were immediately followed by the bust years of the Dot- Com implosion in late 2000 through mid-2001-in addition to the general recession of 2001 and 2002.

The sudden reversal in the economy caused untold thousands of companies to close their doors and cease operations. This, in turn flooded the market with quality GradeA office furniture, as these companies were forced to sell off their assets. This boom and bust happened so fast that dealers and end- users often found brand- new, in the box, Grade- A office furniture being sold at ten cents on the dollar. Never had so much quality furniture hit the used market in such a short period of time.

As we move into 2004, now three years after the start of the Perfect Storm, we are well on our way back to a more 'traditional' state of the used market. The incredible supply of used inventories found in 2001 and early 2002 are now gone. The headline producing Dot- Bomb

Liquidations are over, and the remaining large quantity inventories are either odd configurations or truly distressed. There are quality inventories available, but they are much smaller, and more typical of furniture that is now truly 'used' (and being replaced) versus excellent quality furniture that is simply no longer needed.

USED FURNITURE CATEGORIES

Used furniture is a cost effective alternative for many customers. In general, the ideal used furniture buyer has the following characteristics:

- * Small businesses (15 to 75 employees).
- * Expect to use the product for a maximum of two to five years.
- * Price is the driving criteria in the purchase decision.
- * Product warranty is not a criteria.
- * Matching current furniture with future furniture is not a criteria.
- * A uniform and consistent look between products is not a criteria.

Used furniture is a general catch- all phrase for furniture that has been previously owned. There are three main categories of used furniture that dealers can choose to offer to their customers. These are as- is, refurbished and remanufactured.

* As-Is Furniture refers to furniture that is re-sold in the same condition that it was purchased from the original seller. No improvements or very minor improvements have been made to the furniture. As- is furniture is the least expensive option and offers the best value proposition for both dealer and customer. This is primarily what we offer our customers.

* Refurbished Furniture has been aesthetically improved by the reseller from its original purchase condition. Refurbished furniture offers a mid- price range for used furniture, and moves closer in price to equivalent new furniture costs. The refurbishment could mean anything from recovering panels to touching up wood case goods.

* Remanufactured Furniture has been re-built by the seller from its original condition. Component parts may have been replaced or rebuilt. Remanufactured furniture is the most expensive used furniture option and can equal the price of new furniture.

PROCUREMENT ADVICE

In general, "as-is" furniture can be purchased directly from a seller company or through a furniture broker who is re- selling the product. Refurbished and remanufactured products are generally purchased wholesale through dealers who sell both to dealers and to end-customers.

When purchasing directly from a seller there are several basic rules to follow:

1. Determine who actually owns the product before agreeing to purchase it. This is especially true in the case of bankruptcies or liquidations where courts or other third parties are involved. Don't ever exchange money until you have confirmed who owns the product.

2. Thoroughly and accurately inventory the product. Prior to submitting a bid of the inventory, confirm that your bid covers the product that you have reviewed and that no substitutions or reductions will be allowed. This covers situations where sellers show you the 'beautiful product' and after your bid is submitted, decide to keep that product for themselves and give you a lesser quality substitute. Provide the seller with a copy of your inventory list.

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