The CONTRAXX Way

(Not) According to Custom

Aspen Institute, June 2015
About Our Company

- We design and manufacture custom furniture **Made in America** for the hospitality industry

- We are organized as a *distributed* manufacturing system using a collaborative network of family-owned factories

- We are the only furniture manufacturer in America that uses a horizontally-integrated hub-and-spoke system
Mike Workman

My father always reminded me to give back more than I take.

His advice is the way we run our company.
Appalachian Ohio

32 Counties (ARC)
- 7 Distressed Red
- 9 At Risk Yellow
- 16 Transitional Grey

Our dream is to move from Red to Grey by using local labor and local materials to produce world-class products that can be exported from our rich region of resources.
13-State Appalachian Region (ARC)
420 Counties
205,000 Sq. Miles
Home to 25 Million People
Our hope is that our hub-and-spoke model will be an inspiration for other craft manufacturers in the entire Appalachian Region.
Appalachian Income Compared to U.S.

- Per capita personal income is 82% of national average

- Average proprietor’s income is 73% of national average (Includes both farm and non-farm businesses)

- Per capita investment income is 70% of national average (Includes dividends, interest and rent)
“Appalachia does not enjoy the same economic vitality and living conditions as the rest of the nation. The region’s traditional industries such as mining, manufacturing, textiles, pottery, paper and wood products have faced intense global competition and are in decline. During this recession the Appalachian region fared far worse than the nation and was battered by job losses and structural economic changes.”

These two problems can be changed if we are willing to change.
WHO SAID YOU CAN'T RE-INVENT THE WHEEL?

A NEW WAY TO MANUFACTURE CUSTOM FURNITURE IN AMERICA.

CONTRAXX
FURNITURE

CONTRAXX
FURNITURE
It caught our attention in the 1990’s that many traditional American furniture manufacturers did not want to change the way they worked with interior designers and architects. When asked to make custom furniture, manufacturers would switch hardware or legs on standard products and call it custom. Meanwhile, designers had little choice but to use furniture made like cookie cutters, with no hope of getting truly custom furniture designed the way they wanted it.
But why? What was going on in these large furniture factories that kept them from building truly custom furniture made to order? The answer is hidden in the way large factories are organized—they are vertically integrated in how they process materials.

Picture, for a moment, a tall silo. Raw material goes in the top, flows straight through, and pours out the bottom. This vertical method produces high volume, but does not allow for individual customization of the product.

*Zip it in, zap it out.*
Now picture a very different structure, a big wheel with lots of spokes and a hub in the middle. In this **horizontally integrated** system, raw material goes around to each spoke (in our case each spoke is a family-owned factory) and is hand-crafted into a specially designed part. The crafted part then flows to a central hub for assembly and finishing. There are no minimum quantities and each product is made with hands-on care and precision.

In 1996, we created Contraxx as a hub-and-spoke system for building truly custom furniture. This new “wheel” design provides our customers the unique ability to completely customize their furniture in any style, size, material, finish and quantity they want—in 60 days or less. Today, Contraxx has more than 300 unique craft factories in its hub-and-spoke network. Each factory is located in a rural American community and each is family owned and operated.
Next generation of craftsmen.

American craftsmen have a long tradition of making beautiful custom furniture and passing their skills from generation to generation. It’s been a way of life for family-owned businesses for hundreds of years.

We believe craftsmen deserve the opportunity to stay in their communities making beautiful furniture and artwork. In 2013, we helped create a local multi-craft certification training program to help the next generation of students learn new methods of specialty manufacturing.

Seven students graduated in the first class.

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What have we accomplished?

1. Created more than 200 new jobs in our region.

2. Provided more than 600 craftspeople the opportunity to stay in their communities doing the work they love.

3. Helped create a new Woodworking Certification program to train non-college bound students and incumbent workers.

4. Reached beyond our region to provide American-made furniture for those who do not want to purchase imported products, thereby bringing new money into our local economies.
Our Next Challenges

1. Transfer great work ethics to future generations of American craft workers, and
2. Expand our model to other craft industries in Appalachia.
My Advice To You

1. Stay focused and intentional. Most ideas fail because we don’t roll up our sleeves and do the hard stuff.

2. Seek expert advice. Think about it this way: Each expert you engage has learned important lessons over his or her life span. You don’t have enough time to learn what they have learned, so why not take advantage of their aggregate experience?

3. Let your mind be a sponge. Collect information unfiltered, then hold your head over an imaginary bucket and squeeze. You’ll be amazed at the ideas that flow out of it.
Feel free to visit us at
www.contraxxfurniture.com