

RESPONSE TO 'PILLAR OF THE INDUSTRY' AWARD

March 2003

ART DEFEHR

Thank you for your vote of confidence and for the honor you have bestowed.

This industry is filled with great companies, well known brands and outstanding people who provide vision and leadership. To be singled out in that crowd is truly an honor.

It is also special to be honored by your group.

Sales representatives are in the front line of our industry. We can design, build and display product – but all of you maintain the relationships and solve the daily problems that keep the product on the floors and selling.

Palliser has always been proud to be represented by some of the very best in the industry –and I salute our team in particular. We are delighted that Tom Shukert – on eof our very own has been selected to lead your group. Tom- congratulations and an honor well deserved.

I am also pleased to share this evening with my wife Leona... my daughter Tara and her husband Peter and many friends from Palliser. Thank you for your support.

Our industry is going through challenging times and will always be there but will not always be the same. Each of us must navigate our companies and our careers through what are at times epic changes.

We have often been asked why Palliser is located in Winnipeg. The simple answer is that my father lived there. Winnipeg had no history of manufacturing furniture, no supply of raw materials and was distant from markets. In addition my father knew zero about the industry – but he needed to make a living. He started in his basement and the rest is history.

I am proud to continue in that tradition together with a great team that has the competence and the courage to take on the world. We are still far from resources and the market but we have a superb team that every morning gets up to compete against the world.

There are many issues facing our industry but I will use this platform to address only one of them. We think our competition is down the hall or on the retail floor – but the real challenges faced by the furniture industry are the other choices for the consumers interest and imagination. These include travel, entertainment the automobile and many more.

Many companies and retailers do a fine job of meeting the needs of the consumer – but collectively we have failed to adequately capture the emotion and imagination that is needed to assure our future success.

When a consumer leaves home on a Saturday morning to explore a range of furniture stores she did not have in mind to discover a 999 price point and don't pay until eternity. These techniques absolutely do work – but at what cost.

The consumer wants to fill an emotional need in terms of creating a home or making a statement but we seldom take the time or create the venue where that story can be told. Increasingly all products look the same and become variations that do little to inspire.

I want to challenge our entire industry to begin to focus on those things that in the end will really matter to a consumer and will make her want to spend more time with our retailers and to shop with more excitement.

I am speaking about the value of creativity, about design, about innovation and finally about quality. We must create a climate in which the first need we address is the emotional goal that brought the consumer into our stores. Second we must convince her that an item has the quality that meets her needs and we must convince her that quality matters. Finally – we can offer a great price and an outstanding experience of service.

Our industry will only prosper if we understand that offering essentially identical products at declining price points will not capture more of the consumers interest or money. Once we make items into commodities and devalue design – we will discover that the Big Boxes can do that even better at lower margins. I challenge all of us to create the legal climate and the attitudes that permit creativity to find its proper place in our industry.

Finally, I want to express my sympathy to each person who is feeling pain and stress in these difficult times. I am a believing Christian and was taught that God considers each person equal and his message was to share his love with our neighbors.

I believe that the great majority of people in our world share the same dreams and hopes for themselves and their children. They want to provide food, shelter and clothing for their families, they want freedom from the ravages of disease, they wish to be free of prejudice based on the accident of birth, they seek the freedom to practice their beliefs, they wish to have a voice in the decisions that affect their lives and they want to do this in a peaceful world.

I applaud every initiative that promotes this kind of world and pray daily for our leaders that they will have the wisdom and courage to make this a reality.

Thank you again for the honor and for the privilege of being here.