Program Brief

College/University Housing Seating Project

SAUDER®
MANUFACTURING COMPANY

and

(ELEVEN)

August 28, 2003

CONFIDENTIAL

Sauder Manufacturing Company
930 W. Barre Road
Archbold, OH 43502

Tony Warncke
Marketing & Product Development Manager
Telephone (419) 446-4295
Fax (419) 446-3173
twarncke@saudermfg.com

Outline

I.   Goal/Objective
II. Premises/Hypotheses/Considerations
III. Other/Miscellaneous Questions & Observations
IV. Background Information
V.   Expectations of (ELEVEN)
VI. Compensation
VII. Appendices
    A) Other resources
    B) Installation list and summary
    C) Articles/Studies/Reports (click on links to...)
    D) Competitors & Market Participants
    E) Sauder Manufacturing Co. Statement of Belief and Core Values
    F) Image Collage of Selected Competitors' Chairs

Goal/Objective

Embark on a creative design investigation focused upon the post-secondary education (College/University) housing market with (ELEVEN), to identify unmet needs relative to student room seating, ultimately resulting in the conceptualization, design, development, and launch of a new seating product solution(s).

> Note: The focus is not and cannot be on designing the "next PlyLok" (i.e., the next plybent multi-position chair). While we can certainly draw from our experiences within the market and with our existing product, and can remain cognizant of the material & manufacturing process capabilities that currently exist "in-house", the focus must be on identifying and addressing the unmet needs of college housing stakeholders in whatever form those solutions may take.

The remainder of this document contains information and questions that have been compiled to help initiate the creative process. This information is not intended to constrain the process, but only to provide a launching point for further investigation.

Premises/Hypotheses/Considerations

- The college housing market is ripe for a new student room seating solution. Existing options are suffering in a "sea of sameness" (see Appendix F for collage of competitive product) that, in recent years, has driven these chairs to commodity status. Sauder Mfg's existing product is stuck in this very sea.
- There are changes afoot in the college housing market that would point to the opportunity to develop and introduce new solutions. (Changes which include student demographics, the evolving role of housing in attracting & retaining students, etc; see Information section and Appendix C for related quotes and articles).
- The use of the question "Why not a task chair?" as a guiding concept. Not that a task chair, or just *any* task chair, is the solution. But opening ourselves up to the possibility that the solution lies outside of a new, stylized version of a plybent multi-position chair is key.
  - Again the "traditional" task chair may not be the solution. But to consider the task chair question further, don't we owe it to ourselves to ask: If task chairs and the comfort and functionality they bring are appropriate for numerous other applications in ours and students' daily lives (office/desk, computer lab), why are they not appropriate &/or the best solution for the college housing environment?
- We must also remain open to the possibility that the complete solution may not lie in product alone, but may include services, programs, etc.

- For example, if durability/longevity is a concern, why not sell (&/or lease?) chairs with a service plan included wherein SMC would be responsible for the ongoing maintenance/repair/replacement? If not the long-term solution, maybe this would be a way to introduce a new product to a skeptical audience (i.e., we own the risk, not them), until the product's acceptability for the application has been proven.
- While education budgets (particularly those tied to state budgets) are tight, the concept of value still holds true. That is, offer a product that increases functionality (in all its many forms & definitions) over current options by a greater factor than it increases cost, overall value increases and informed people will buy. But the "value proposition" of a given product must be clear and strong.
- It's also true that while budgets remain tight, tremendous numbers of building and renovation campaigns continue on campuses across the nation. (see Appendix C, <u>Special Report: College Housing,</u> College Planning & Management, June 2003, Paul Abramson)
- The college housing market was the birthplace of Sauder Mfg in the contract market, historically has been our largest source of contract sales, and is & should continue to be a primary focus for Sauder's growth.
- SMC's longevity and history, our brand-equity, our distribution channel, our reputation for quality, durability, service, and commitment to the College/University market, all combine to make us an obvious choice for being the "vehicle" to introduce change to the market.
  - If being asked to depart from their "comfort zone" with a new product, wouldn't college housing professionals be more receptive to that request if received from someone they know they can trust?
  - Referring again to the example of task chair functionality, why can't Sauder be the one to continue the market-focused evolution of combining appropriate functionality and durability that was started by our introduction of the plybent position chairs into the college housing market in the 1980's?
- "Sustainability" (in all its many forms and definitions) is a growing consideration in society in general, but is of particular interest and appreciation on college campuses.
- Stakeholders in the student room furniture buying decision process include campus housing personnel (housing directors, residence assistants, etc), campus purchasing department personnel, architects & interior designers, and the student end-users. Appropriate design solutions must address the wants and needs of each of these constituencies. In other words, we need to focus on how the end-user can/should/would want to use a product and address those needs, all the while ensuring that there exists a clear link between the product's appearance, performance, price, etc., and the needs and objectives of the other influencers and "check writers" in the process.
  - Perhaps in the past we've relied too much on addressing the easily expressed needs of the "check writers" *alone*? (durability, durability, durability...price, price, price)

Other/Miscellaneous Questions & Observations

- Are students spending more time in their rooms? Doing what?
- What are students bringing to school with them these days?
- Increasing expectations for comfort, in general, and by society in general.
- The growth in size (height, weight) of "average" American.
- Athletic dorm applications
- Multiple-uses of chair in a residence hall room (study/task, guest, lounge, step-stool,...)
- Expectations for durability: can they be quantified?
- Apartment-style housing (not just for married housing anymore)... requires more of a "home style" furniture design and compliment of furniture items.
- New spaces versus renovated spaces.
- What is the buying process?
  - Does it vary by type, size of institution? How?
- Who are the influencers?
  - What are they measured upon? How are they rewarded?

- - Where do the influencers (ex: Housing Directors) come from? What's their career path?
- Do housing directors see it as part of their mandate/responsibility to help students be exposed to "college life" and the socialization process that supposedly is a part of the college years?
- Are student demographics changing? How?
  - What impacts do these changes have on the needs of a C/U housing environment?
  - More kids coming to campus having never shared a room before?
- The role of room packagers and other furniture manufacturers/distributors… would any alliances make sense?
- Community Colleges
  - What role do they play?
  - Are they growing in size &/or numbers?
  - Do we have opportunities with them?
- The role of technology…

Background Information

- Size of market
  - PENDING: Purchase new market data from Peterson's in conjunction with WFI
- Competition these days in the College/University Housing student desk chair market typically operates in the range of $80-$100 per chair (delivered). (See Appendix F for photos of typical products).
- NOTE: Interviews &/or focus groups with college housing decision makers can be arranged at regional ACUHO (Association of College & University Housing Officers) events in early November.

The following are selected excerpts from topical articles in trade periodicals. (Electronic links to these articles and others can be found in Appendix C).

- Special Report: College Housing, College Planning & Management, June 2003, Paul Abramson
  - "Better than 67 percent of all respondents to our first survey and special report on college housing say their colleges are planning to build more residence hall space".
  - "… then all four-year colleges in the United States may well be building and/or planning as many as 280,000 new beds with the next five years".
  - "Student input is regularly solicited (77.5% of the time) when colleges plan new residence facilities or the remodeling of existing space".
    - "… and three out of four give students an opportunity to chime in on the type of furniture to be used".
  - How often are residence halls upgraded? Replacement of Furniture: avg. = 15yrs
  - How important is the quality of on-campus housing in determining whether a student will attend your college? Either "Very Important" or "Important" combined = 93.2%
- Residence Hall Seating That Works, College Planning & Management, June 2003, Janet Wiens
  - "The seating that we selected is comfortable, durable, and aesthetically appropriate. It has helped us to create an environment that makes our two new halls competitive within the marketplace".
- Close to Home: The 14th Annual Residence Hall Construction Report, American School & University, Jun 1, 2003, Joe Agron
  - "…(the) 14th annual survey of residence hall construction shows not only that new housing facilities are being built larger and provide more square feet per resident, *but that institutions are spending more to ensure enticing product*". (emphasis added)
  - "The type of amenities offered in new residence hall facilities is a primary factor in attracting students to on-campus housing".
- HOME AWAY FROM HOME, American School & University, Nov 1, 2000, David Demarest

- o "They've left behind the comforts and familiarity of their own beds and mom's-cooking. So when students embark on new lives at college, they want a residence-hall room where they can feel, just a little bit, as if they are at home and not one of hundreds of anonymous tenants in a drab institution".
- o "They don't want furniture that looks too 'dorm-like'". "Defining that concept isn't easy, but for many, 'dorm-like' conjures up images of furniture that is institutional, uncomfortable, heavy, space-hogging, ugly".
- o "'Price is important,' says Malzewski. 'We look at longevity, the amount of wear a product will take. We also look closely at warranties." "Schools can be reluctant to invest too greatly in furniture that has to face the often-destructive tendencies of a new college student". "At Purdue, housing officials hope that by purchasing furniture of higher quality, it will encourage students to take better care of it".
- Trends Shaping Housing Design, American School & University, Jan 1, 2002, Mike Kennedy
  - o "Today's student could use up every outlet in one of those rooms with just one computer and accessories. That doesn't take into account the stereo systems, DVD player, television, cell-phone charger and other gadgets".
  - o "College freshmen typically come from homes where they had their own room, so they may expect more than a bed, desk, and dresser".
  - o "Many students who arrive at college have concerns about the environment and want the places they live on campus to take those concerns into account".
- FURNITURE: From Where You Sit, American School & University, Jun 1, 2001, Mike Kennedy
  - o "There was a time at many colleges and universities when a student felt lucky just to have a bed in a crowded residence-hall room. Now schools must compete more aggressively for students, and students are demanding something more than a barebones residence-hall room with a desk, dresser, and bed. They want comfort provided in their rooms, and in the lounges and common areas where they will spend much of their time".
  - o "'We want it durable – something that can last for 20 years – but we also want something that is aesthetically pleasing so it doesn't feel like a prison or a barracks,' says Jon Eldridge, dean of students at Lewis & Clark College in Portland, Ore."
  - o "Drake also looks for furniture on sleds instead of individual legs. Students want to be able to move the furniture to meat their needs at any given time, and the sleds make the pieces easier to slide across the room".
- Making Campus a Home, American School & University, Aug 1, 2003, Patrick Curley
  - o "Amidst the vast amount of data contained in U.S. Census reports, three statistics should catch the eyes of college and university planners: overall college enrollment, diversity and family structure. From 2000 to 2012, college enrollment is projected to increase between 12 percent and 19 percent (to between 17.1 and 18.2 million students), according to the National Center for Education Statistics".
- Residence Hall Furnishings, College Planning & Management, March, 1999, Dale Tampke
  - o Top 20 List Tips for meeting the furniture needs of your residents now and in the future:
    - #1: Prepare for the buying boom. #6: Consider life-cycle costs. #7: Who will help you make the purchasing decision? #12: Maximize the comforts of home.
    - #11: Consider lease/purchase. Rather than buying furniture outright, many colleges and universities take advantage of lease/purchase agreements that allow many more student rooms to be furnished in one contracting period. Life-cycle costs are particularly important here - the useful life of the goods should extend at least through the lease period and probably well beyond.
    - #17: The chair is the thing. Is the two-position chair the best way to go or is a slightly larger combination desk/lounging chair a better buy? Most student rooms do not have space for two chairs per resident. Comfort and flexibility are the watchwords. Get precise feedback from students about the kind of chair they prefer.

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.