

DESIGNER DOORS' FOUNDER RETURNS TO REVIVE COMPANY

AN INTERVIEW WITH KENT FORSLAND

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In April 2014, we were stunned to learn that Designer Doors had filed for Chapter 7 bankruptcy. Since Designer Doors had been a leader in the modern carriage house door movement, particularly in the high-end custom wood door market, we planned to find out more.

Then, only a few days later, we learned that Kent Forsland, the company's founder, had returned to the helm of the company. In an effort to find out what was happening, we contacted Kent and asked him several blunt questions.

Kent, what's going on at Designer Doors? I know you left the company some years ago and have now returned.

I actually sold the company to the employees via an employee stock ownership plan (ESOP) transaction in 2006, and then I retired from Designer Doors in 2008. At that time, the company was nicely positioned for success.

Why did you leave Designer Doors?

I was bored with the routine. I'm a visionary, and I felt ready for a new challenge. So I started a new business called Cabrio Structures in 2009.

After the downturn in the economy in 2009 and 2010, Designer Doors' ESOP couldn't make the payments, so the company was returned to me. But I was too distracted with Cabrio to get involved at Designer Doors. So I immediately sold it.

Four years later, the company filed for bankruptcy. I know you weren't there during those years, but what likely led to its demise?

Designer Doors had a great team, but it had an absentee owner who had no desire to run the business day to day. That had a negative impact. Also, a lot of cuts were made to areas like marketing, which resulted in a short-term gain but a long-term loss. A third factor was a lost vision about who we are and who our target customer is.

What led you to jump back into the company in April?

I heard about the Chapter 7 proceedings from a previous customer on Monday, April 21. I was stunned. I actually drove to the property and had a one-person vigil!

On Tuesday, April 22, the previous owner called me and apologized that he hadn't called to talk to me about it since I am the landlord. I asked him why he chose Chapter 7 (liquidation) and not 11 (reorganization). He simply explained to me that Chapter 11 was for companies that have a hope of profitability.

On April 23, he called me back to see if I might buy the company assets and reopen the company. At that time, he had already terminated the employees and sent notices to vendors and customers that they would be hearing from the bankruptcy attorney or the trustee.

On April 24, I opened the financials he sent and showed them to our Cabrio accountant. What I discovered was a company that had

turned a corner. It was nearly profitable and sales were surging. Within 24 hours I called many of the territory managers, and I met with the operations leadership and the accountant.

So, on April 25, I bought the assets from the previous ownership.

So, are you now running the company?

Yes, I am running the new Designer Doors. This is a new organization. It is not business as usual. We have a number of challenges in front of us, but there is a lot of potential.

In 2010, you decided that you couldn't run both companies. What makes 2014 different?

In 2010 Cabrio was a start-up and my passion. Today, Cabrio is more established, with some key players. Cabrio actually brings a lot of valuable synergies to Designer Doors. The two companies are already sharing resources in the areas of marketing, sales, engineering, and operations.

Leveraging the strengths of both companies will give our customers a larger



product mix and potentially shorter lead times. The employees of both companies also benefit with greater opportunities and cross-training. It almost could not have played out better.

What are the top three challenges you now face?

The first is pulling together all the pieces that were dismantled during the week after the previous owner announced the closing. We have been able to get key employees back, but we still have a few key hires to make. We needed to continue a relationship with several vendors so we could get orders out. Then we needed to recapture sales that had been cancelled, and we were fortunate to reclaim 95 percent of those orders.

Now we need to re-establish the great brand of Designer Doors. Our products deserve a “front of mind” brand for those who understand and desire architectural harmony.

We must also return to profitability. We are investing in capital improvements, and we are working on new, streamlined processes that improve efficiency and maintain the quality our customers have come to expect.

In short, I plan to return Designer Doors to being the market leader in high-end custom entry and overhead doors with a strong focus on architectural harmony. ■

DESIGNER DOORS KEY MILESTONES

- 1986** Kent Forsland, a door dealer in Minneapolis, starts producing high-end wood doors, “building in all the quality we could imagine.”
- 1987** The company starts using the name of “Designer Doors.”
- 1988** A Designer Doors product makes the cover of the Marvin Windows catalog, and wide interest starts to build.
- 1994** Forsland sells his Minneapolis dealership and devotes full time to Designer Doors, focusing on architectural harmony.
- 1996** The 10-employee company moves production to a new facility in River Falls, Wis., about 10 miles from the Minnesota border.
- 1997** Designer Doors expands to a nationwide market, selling direct to the customer. Sales are growing by double digits every year.
- 2001** A major story in the Christian Science Monitor credits Kent Forsland of Designer Doors as among the first to recognize the new trend of handcrafted wood garage doors.
- 2001** “The Carriage House Craze” is proclaimed in a cover story for Door + Access Systems newsmagazine, and Designer Doors is identified as a leader in the movement.
- 2002** In a feature story in USA Today, Designer Doors is reported to have increased sales from \$600,000 in 1996 to more than \$10 million in 2001.
- 2003** The company begins selling its custom wood garage doors to a major garage door manufacturer through a private-label agreement.
- 2004** Designer Doors joins DASMA and begins exhibiting annually at the International Builders Show.
- 2006** The company announces the Sawmill Creek product line of economy-priced garage and walk-through doors, sold through an exclusive dealer network.
- 2006** Founder Kent Forsland sells the company to his employees via an employee stock ownership plan (ESOP).
- 2008** Forsland leaves the company to focus on his new start-up, Cabrio Structures.
- 2010** When the ESOP is unable to make payments, ownership returns to Forsland, but he immediately sells the company.
- 2014** The new owner files for bankruptcy, but Forsland returns and buys the company.

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