



Palliser Furniture Ltd.

5. Art DeFehr



Interview conducted on March 6, 2008  
by Christian Dent

Biographical Information: Art DeFehr

Description	Company
Dates of Involvement	1967-Present
Title	President & CEO
Name of Company	Palliser Furniture Ltd.
Website	www.palliser.com
Location(s)	Winnipeg, Manitoba
No. of employees	3,000
Product/Service	Home Furniture
Industry	Manufacturing
Revenue (range)	\$200,000,000
Public/Private	Private

I. GENERAL ENTREPRENEUR QUESTIONS

1. When did you start your first entrepreneurial venture and what was it?

My first entrepreneurial venture was selling fruits and vegetables when I was a kid. When I was about five or six years old, my mother had a garden and one of the things she grew was asparagus. We didn't like asparagus so we finally figured out that we could sell it to the neighbours; we didn't have to eat it and we made some money.

2. What motivated you to become an entrepreneur?

I have never considered myself an entrepreneur. I entered the family business to gain experience.

3. Was there any one person who was a model of inspiration for you and in what way?

In terms of business, I would say no. The person who influenced my values in life was my mother. She was a very interesting person and quite influential.

4. Was your educational experience (to whatever extent) helpful? If so, in which way?

Overall, I would say yes in two ways. One, it certainly gave me a set of useful skills, and two, was that it gave me a number of connections.

5. How many different business ventures have you started in the course of your entrepreneurial career?

I have started 12 to 20 different ventures. About half of them were business related and half were other non-profit undertaking. We have done a variety of things over our lifetime from breeding cattle to running trucking companies. We started building farm equipment in Russia. I built a plant in Mexico and Indonesia. I started the Canadian Food Grains bank. I founded International Development Enterprises, a non-governmental organization [NGO], which provides irrigation services around

the world. I was involved in founding Lithuania Christian College and I was involved in the creation of Canadian Mennonite University in Winnipeg.

## 6. What percentage of these business ventures do you estimate were financially successful?

I don't know the exact percentage. You do a lot of different things and you achieve enough success to keep you going. You venture into things and some things end up working out and you grow it, and other times, things don't work out and you leave them behind. I have buried a lot of things that didn't work, but many of them went forward.

## II. ENTREPRENEURIAL QUESTIONS REGARDING YOUR SPECIFIC BUSINESS

### In order to provide some context, please describe your business: what does the company do? Who does it sell to? What does it sell? What is your competitive advantage? What is the nature of your overall industry?

My main business is Palliser Furniture Ltd. which is in what is called the residential furniture industry; we manufacture and sell furniture to retailers. Our competitive advantage is how we run our business; we are very good at manufacturing. We have also developed a reputation for quality products. The furniture industry has historically been very local then it was continental with the North American Free Trade Agreement and more recently it has gone global.

We also have a related business called EQ3, which is a lifestyle retailing concept that sells directly to the end consumer

### 7. How did you identify the opportunity that led to the setting up of the business?

Since I joined the company, we have pursued different opportunities for a variety of reasons. The two main sectors of the furniture business are wood furniture and upholstery furniture. Way back in the wood sector, we ran into a situation where

## Introduction to Palliser Furniture

Source: [www.palliser.com](http://www.palliser.com)

### At Palliser\* We Build Value With Values

The year was 1944. Abram Albert DeFehr, a Russian born immigrant to Canada, began making simple wooden pieces in the basement of his Winnipeg home. Within a few years, the fledgling business had moved from the basement into a former chicken barn — Palliser's first furniture factory.

Today, Palliser is Canada's leading home furniture manufacturer, providing a livelihood for over 3000 people, funding a philanthropic foundation that shares profits with communities around the world, and continuing to build value with values.

### Our Mission

To be a community of people dedicated to leadership in design, service, and customer value in the furniture industry.

### Our Values

- Building on a heritage of faith, we aspire to:
- Demonstrate integrity in all relationships.
- Promote the dignity and value of each other.
- Respect the environment.
- Support our community.
- Strive for excellence in all we do.

## Message from the President & Ceo, Art Defehr

Source: [www.palliser.com](http://www.palliser.com)

Design captures the attention of our consumers. Innovation creates distinctives that lead to value. Excellence in service closes the loop to a successful sale. But people make it happen. People who are competent, committed and who care.

There are approximately 3000 employees at Palliser\* from 70 nations who speak in 40 tongues. But we speak in only one voice as to our purpose and we live by one set of values. We believe that adherence to these values creates the best conditions to deliver genuine value to our retail partners and to consumers.

We are committed to use the skills and resources of our globe to bring you leading-edge design and innovative products delivered to your requirements. We are also committed to leave the globe in as good condition as we find it—and maybe a little better.

God has blessed us and we seek to honour our Creator by being responsible in our business practices and our social and environmental impact.

we were cut off from our raw materials because our supplier told us they wouldn't supply us anymore. We had to go to Europe to look for different technology and out of that we discovered a product in Europe that had never been used in North America before.

**8. What were the critical elements you assessed before you decided to pursue the opportunity?**

I don't believe an entrepreneur thinks that way. They see something and they go after it; they try it. Sometimes pursuing opportunities are a result of desperation. For example, you get cut off from a supplier and you go and find an alternative. You don't have to do a market analysis; you instead simply work to keep the business you have.

**9. How much time did it take from seeing the opportunity to the first day of business?**

I believe most entrepreneurs think organically. We entered the farm equipment industry because we had a furniture plant in North Dakota and there was a neighbouring farm equipment plant run by a fellow who's a Christian. He was at the point of bankruptcy and we bailed him out. We just got started because the guy was going to go broke; otherwise, I had never thought previously about entering the farm equipment business.

**10. If you had partners, who were they, and how did you find them?**

My partners have been a combination of friends and family. Friends include people that I have gone to school with and neighbours. I would say that all of my business relationships grew out of prior friendships. Almost none of my partners were a result of someone who came to me to invest financially.

**11. Did you have a business plan of any kind? [or any kind of written plan]**

It has varied for our different ventures. For the major ventures we would have some kind of business plan. At the same time, business plans can change due to circumstances.

**12. What kind of financing did you have?**

Because we had an existing business we started off being self-financed and then if I embarked on a large project we would try and get some financing. Some of the projects were quite large. In one case in the US I did a real estate venture which I still own; I put in \$25 million before I had a lease or a mortgage on the building. I just put up \$25 million up front; it worked out very well, but it was a risky venture.

**13. How much capital did it take?**

As I mentioned, the furniture business has grown organically.

**14. How long did it take to reach a positive cash-flow position?**

The overall business was profitable when I became involved. However, the profitability of individual parts of the business has varied. I have had businesses run six to seven years at a loss and others were profitable from the beginning. If you do a lot of different things they all don't make money, but hopefully most of them do. In some cases you need to bury them, pay off your bills and move on. We tend to stick with our businesses. We don't walk and leave people with debts.

**15. If you did not have enough money at the time of the start, or at low points in the business cycle, what were some things you did in order to stretch your capital?**

We have done all kinds of things to stretch our capital. I have taken out personal loans and I have also worked with the government at times. Sometime you lease instead of buy. One time we went to the government and said do you want to save 2,000 jobs? I said that I didn't have enough capital to do that and the government stepped in and gave us a loan. I told the government that I could shut down the business and pull out my capital or alternatively, that they could put some capital in and save many people their jobs. The government still has \$15 million invested in that business.

**16. What did you perceive to be the strengths of your venture?**

Palliser has been very proactive in terms of responding to its marketplace. We

located production facilities in Mexico early and today if we were only in Canada I would probably be bankrupt. We went to Asia early and learned to work there. We were very early pioneers in a lot of ideas. We have also always embraced new technologies and built new and very modern plants.

**17. What did you perceive to be the weaknesses of your venture?**

I probably shouldn't have stuck with all the businesses that I had. If I would have been purely financially oriented, I would have sold out of the furniture business nearly ten years ago and gone into another industry. The furniture industry has gone to Asia and it is a very tough business for a Canadian company to be in.

**18. What was your most triumphant moment?**

I would say that the success of a real estate venture in the US was my most triumphant moment. The venture was very risky and I had a difficult time making that one successful. We did a showroom complex in North Carolina. It cost about \$25 million and at the time there were a lot of other competitors announcing building projects. I had owned land and I realized that if I didn't go ahead with my building many buildings would be built. Most people would not build until they obtained a lease so I realized that I either had to gamble with my own money or miss the entire opportunity. By getting in first with my project I would be able to prevent others from coming in.

The other part of the deal that made it personally interesting was that it happened at the same time that I was diagnosed with cancer. I was developing this project during the same time I was negotiating surgery with the Mayo Clinic. I made the final decision to go ahead with the building with no lease and no mortgage while I was recuperating from surgery. I had to personally lease the building to save the project; I had to go and do it.

**19. What was your worst moment?**

I am not sure I can answer that with a single example. I have had to fire a personal friend. I have had to do things like shut down factories, which is very tough. I have never had a failure to the extent of going bankrupt, but I have had some tough times that I had to work my way through.

**20. Once you got going, what were the most difficult gaps to fill and problems to solve as you began to grow your company?**

I think the difficult gaps are always people related: finding the right people and putting them in the right places.

**21. What were the key attributes you looked for in people (partners, advisors, managers) as you grew the company?**

First, integrity is a very important attribute. Second, you look for people who complement what you do. I like to start things so I need people who can actually manage and run things. I'm not particularly a good manager; I am more of a founder of things.

III. REFLECTIVE QUESTIONS

**22. What are some things that you have found to be most personally rewarding and satisfying for yourself as an entrepreneur?**

One of the things that I have found to be personally rewarding is creating jobs for people. At Palliser we create a lot of jobs for immigrants and refugees and I have worked with many refugees around the world. We worked particularly hard at creating a work place that catered to that group. The other part is that my business also allows me to fund our foundation, which allows us to complete a great value of projects around the world. We don't just give money away; we work on projects that we are personally engaged in.

**23. What are the three most important lessons you have learned with respect to starting and running a business that you pass on to an aspiring entrepreneur?**

One lesson is to make sure that you know what you are good at and what you're not good at. Second, you should be able to find people and inspire them. You should create relationships; you never know when things circle around. Never make any enemies with someone today, because ten years later they may become

important to you in a different way. The technical side of the business lets you pick what you want to do, but the ability to develop relationships and trust is what carries you over time.

#### IV. FAITH IN THE MARKETPLACE

##### 24. What does the term 'calling' mean to you?

Was I called to business? Probably not. I don't describe myself as a businessman. I am in business because I got into it accidentally and I am probably reasonably good at it. For my career, I originally aspired to be a Canadian diplomat. However, that didn't work out because the FBI in the US did me in because I was involved in the civil rights movement and the anti-war movement while I was studying in the US. Business was never a career I chose. Business came to me easily and I enjoy doing it; moreover it also allows me to do all the other things I like to do.

##### 25. Do you feel that you were 'called' to entrepreneurship? If so, what does that mean to you?

I don't know if I am called to anything. I think as a Christian I am called to be responsible. I am responsible for my talent and I am responsible for the opportunities around me. I would hope that a person does things that they feel are rewarding. To do things that you don't enjoy or you're not good at can't be much fun.

##### 26. Who, if any one, affirmed that calling?

Not in terms of calling, but as a support, the most important person in my life and career has been my wife. She has been my partner and has supported me while I have done so many crazy things in life in different places.

##### 27. What do you believe your gifts are as an entrepreneur?

I think I am emotionally sensitive to people. I would think that I am a person of integrity and I am a person who is willing to respond to opportunities. Although I attend church, I don't like to think of myself as a highly religious person.

## Introduction to The Canadian Foodgrains Bank

Source: [www.foodgrainsbank.ca](http://www.foodgrainsbank.ca)

Hunger. The experience of hunger is deeply felt and long remembered. In this experience, lie the roots of Canadian Foodgrains Bank. In the 1920s, many farmers who had emigrated to North America from Russia. They sent food aid to people in Eastern Europe who were suffering from hunger as the result of the Russian Revolution. This movement led to the creation of the Mennonite Central Committee. In 1976, amid growing world food needs and a bountiful harvest, MCC created a pilot project to share with those less fortunate. In 1983 the project was re-organized, opened to other church agencies, and re-established as the Canadian Foodgrains Bank.

The Canadian Foodgrains Bank was formed in time to make a significant contribution to alleviating famine during the Ethiopia crisis in 1984. By 2007, more than 980,000 tonnes of food had been provided to people who are hungry, in more than 80 countries around the world. Today, 15 church agencies, representing over 17,000 congregations are Canadian Foodgrains Bank members. On behalf of its fifteen member agencies, the Foodgrains Bank collects grain and cash donations, provides funds and expert advice for projects submitted by member agencies and their partners, manages the procurement and supply of food commodities, and engages in public policy and education activities related to hunger and food security.

##### 28. How did you (or do you) integrate your business expertise with your Christian calling (and how are they complementary)?

I think a lot of it has to do with integrity. For example, with immigrant refugees we hire at Palliser, we have created a very effective and responsible workplace that is fair to people and creates opportunities for people who often have had a difficult time in their life.

I think I have been able in the larger scheme to work in the community, whether through being involved in starting programs such as the Food Grains Bank, or working with governments. Other people would say that I have been a leader in the community and that I have given back a great deal.

**29. How have you been involved in your local church (that you now attend and the ones you have attended in the past)? (whether or not these are related to your business expertise)?**

In my earlier years I was more involved with my local church. Today I attend and play more of a supportive role as an encourager. When there is a strategic question which involves financial or political issues people will call on me. However, I don't want to be on any committees. I don't want to know anything about the local church politics.

**30. Have you been involved in your church denomination and how?**

I have been on boards before and I am currently still on the Lithuania Christian College board. As well, I have been on a seminary board and I have been asked to help fund certain initiatives. I view myself as a problem solver.

**31. Have you been involved in para-church organizations and how?**

I was involved in Habitat for Humanity. I knew the founder for ten years before he founded it. I was partly involved in bringing Habitat for Humanity to Canada. I was the first Chairman and was involved in the founding of the Canadian Foodgrains Bank.

**32. What are some examples [i.e. situations with partners, suppliers, customers, etc.] of how you have integrated Biblical principles into your business practices and thus acted differently than a non-Christian due to your Christian faith?**

My answer depends upon the particular business that I have been involved in. In the case of Palliser, with respect to our employment policies we were very deliberate in terms of creating and sustaining jobs for people who had previous life difficulties. We still have programs for handicapped people who work at a sheltered workshop. It is kind of a nuisance to do that, but we have 80 handicapped people who have a place to go to work to every morning. We have done this for 20 to 30 years.

**33. What are the lessons you have learned that you believe are important for Christians pursuing entrepreneurship?**

Christians pursuing entrepreneurship need to be honest and consistent. If you are a Christian, people will judge your actions and style. Unfortunately, a lot of Christians don't stand up to the test. There is no difference being in Christian or non-Christian relationships; trust matters a lot over time. Being a good Christian means doing things with and for others, being consistent, and having good relationships. That also leads to opportunities, but you don't always do things for that reason. A lot of the business ventures that I have are with people where we have had a relationship in other things and overtime they lead to a business relationship often because of the trust factor.

**34. How could the church in a general sense (i.e. a local congregation) support you as an entrepreneur in pursuing your calling in business?**

My expectations from the congregation are reasonably low. My lifestyle is very different in terms of my travel and the people that I meet. People think that because you get on a plane every Monday morning that you are going on vacation. Many people in our church have been overall very supportive. Our church was very active in sponsoring refugees. When people sponsored a family they discovered that what the refugees really wanted more than anything else was a job so that they could support themselves and their family. The refugees would ask me if they could get help by finding them a job at Palliser. Suddenly, people from my church gave me a different kind of respect for what I was doing because I was actually providing something that was very valuable to these people.

**35. What have been the biggest challenges for you as a Christian in business?**

I view challenges in general terms and not because I am a Christian.

**36. Who was most helpful (and why or how) in addressing these challenges: church leadership, Christian friends, etc.?**

Friends were helpful in helping me address challenges.

**37. Have you hired people from your church? If so, has that been a positive or negative experience?**

I have hired friends from church and that has been a negative experience. I don't hire anymore friends; inevitably overtime you create disappointments.

**38. Have you done business with other people in your church and how?**

I have not generally done business with people in my church (other than providing employment as referenced earlier).

**39. Has your relationship with those people you have done business with in your church been positively or negatively affected—from a business and spiritual standpoint—by doing business together and how?**

I have had a lot of successes, but also some very key failures. When you employ 3,000 people in the community you're bound to have people that don't work out for one reason or another, and that creates damaged relationships. People come to you for opportunities, but you also end up with a tremendous number of people where things over time don't work out for a whole number of reasons which could be my fault, their fault, a change in the economy, or a hundred other reasons. People always tend to take it personally.

**40. Is there any particular passage(s) of scripture that you have found particularly meaningful or that is inspirational to you?**

There are certainly a number that are important to me, but I don't know if there is one that would stand out at the current time.