

Merritt Woodworking in Mentor creates for superyachts, billionaires



MENTOR, Ohio - Of the 250 employees at Merritt Woodworking, only one of them has the distinct job of selecting the finest woods from all over the world.

Why? Whether billionaires are into sleek contemporary or ornately traditional wood designs for their homes and superyachts, it's that attention to detail they crave. And what the Mentor-based company has to offer. Some of the most acclaimed architects, designers, builders and owners also call on the family-owned business to help transform spaces.

Brothers Michael and Keith Merritt who run the 50-year-old business have found a niche: ultra-high net-worth individuals.

Except for trade publications aimed at the rich and famous, the brothers are low-key about their success. But this year is different. The \$50 million company is celebrating a half a century, expansions, acquisitions and a new re-branding campaign.

For the first time, they recently decided to celebrate publicly with parties that kicked off in Cleveland in April and moved on to their other markets in New York, Florida and California.

While the company is an entirely different business from when their late father founded it as a small custom wood shop targeting middle-class homes, the Merritt brothers say they never forget that its employees passion for the work that's helped catapult Merritt from about \$5 million in sales in 2001 to about \$50 million now - and growing.



Michael Merritt, chief executive officer, says they'll always value what they learned from their father - making efforts to strive to exceed industry boundaries and develop a standard, above and beyond what's expected.

Merritt has seven locations throughout the United States and in the past few years opened small offices in Germany and the United Kingdom. The company's growth strategy includes finding the best talent and opening an office, oftentimes letting employees work from home, as long as they're effective.

They know that without the right employees there's no way they could grow so fast. And even though they own 165,000 square-feet of manufacturing space between the two plants in Mentor and Lodi, California, there's only one work shift. Merritt says it's unlike other manufacturing businesses.

"We can only really effectively work one shift ... unlike most manufacturers: automobiles, ejection molding, tool and die ... With those type of businesses you can run two and three shifts to help amortize your investment," said Michael Merritt, 52.

"You can't start building a cabinet and your partner comes in and finishes your work," he said. "It's like knitting a quilt. People have different techniques. We're not making multiples. We're making one-offs, so you can't have one shift work and another one come in and pick up where they left off.

"This is a blue-collar business all the way up through ownership. We're craftsmen, and the reality is that the professionals in our business, cabinet makers, project managers, project engineers, do not normally pick up their life and move to another location for a new job like in a technical industry. It just doesn't happen," he said.

Merritt has multiple fabrication plants around the country specializing in architectural millwork. After pieces are completed to specification on site, they are protected, loaded by hand and transported in temperature and humidity-controlled vehicles. Once they arrive at their destination, the woodwork is unloaded by hand by Merritt's own employees.

These days, about 99 percent of the company's clients are billionaires. They're people with disposable income with homes starting at \$15 million. Some have second homes in the Hamptons, the pricey resort communities on the eastern end of Long Island, while others want help tricking out superyachts in Florida or Europe with modern or classical designs.

Right now, the superyacht market accounts for about 20 percent of the company's business.

The Merritt brothers have built an enterprise that designs, engineers, manufactures and installs custom interior architectural woodwork, cabinetry and furniture. But they also remember the days when their father was running a very small business focused on basic home remodeling jobs, including encasing a television in a recreation room. It keeps them humble.

The contrast between the lavish parties and photos of the end-result displayed at their high-end customers homes is a stark difference from the company's manufacturing plant in Mentor, where piles of wood are stored in some areas, including a few that still have sap and bark on them.

In one area, two men work together on a machine that transforms veneer, while in another area hundreds of feet away, a woman slowly sands a door. The process is slow and meticulous, because the costs of Merritt's interiors typically run in the hundreds of thousands of dollars per room. It's a business that has enough scale now to marry computer-aided design and manufacturing with old woodcraft in finishing and fitting.

But no business is bullet-proof. Merritt has navigated lots of changes, according to Keith Merritt, who knew he wanted to join the family business long before his older brother.

When the company grew tired of dealing with all of the changes and deadline pressures that come with the territory of working with residential owners, the business started targeting corporate America in the 1990s. And when the lavish spending dried up in corporate America, Merritt changed its focus again. This time they thought about an opportunity that they were first introduced to in the 80s when their father met an elder architect working on a Columbus law firm project. He was so impressed with their passion for the work that he gave Merritt an opportunity to work on their first luxury home in Connecticut.

"Here was an 80-year-old architect and my father was in his late 40s at the time," Merritt recalled. "He said, I've worked with the best woodworking companies in the country and working with you exceeds them all and I have a project I want to reward you with ... That was the break to do our first job out-of-state. After that we did more projects in Greenwich, then Manhattan, and then Palm Beach. And that's how the whole machine started," he said.

But during the recession, Merritt suffered significant losses by early 2009. Suddenly worked dried up, at a time when it had about half the number of employees it has today.

"When the crash hit, we lost about 30 percent of our work in 90 days. We had a backlog, but lost about 35 percent of that. But after the crash and after we lost the work, we didn't sell a new job for over a year," Merritt said.

The Merritt brothers reached out for help and hired business consultants.

"We couldn't change who we are, and we couldn't change what we delivered, but we looked at our whole processes," Merritt said. "We looked at costs that didn't impact who we are or what we made. We found ways to cut waste out of the process, and... yes, it all helped."

While prices are still about 20 percent less than boom-time levels, the Merritt brothers say the company is a stronger business because they were forced to deal with a downfall. Margins are tight and net proceeds are relative considering the cost of goods, they said.

"To use the industry jargon, we got lean," Merritt said. "And even though business was down for us, we took advantage of competitors that didn't fare so well during the recession and started hiring some of their best craftsmen."

Services today range from the expected: woodwork and joinery manufacturing, carpentry and installation; to the surprising and unexpected: hardware, metalwork, specialty materials procurement and classical decoration.

But what's elevated them to the very top of their field, is their all-encompassing engineering and consulting services.

Merritt's primary markets are N.Y., Greenwich, Connecticut, The Hamptons, Miami, Naples, Florida, Aspen and Vail, Colorado, San Francisco and Beverly Hills. "That's where the majority of work comes from as well as London, Paris and Moscow," Michael Merritt said.

"Now we're in seven locations instead of just Mentor. We put an office in Germany three years ago.

"Germans and the Northern Europeans are well-known for being highly-educated woodworkers - actually they're called joiners. They have a manufacturing education process in Europe that we can only dream to have in the United States. I'm talking about the whole process, including project management and engineering. And their apprentice program is unprecedented.

"So in order to continue to have the best of the best, we follow the people," he said. "At the end of the day, we're craftsmen."