

Retail Success Stories Part 19: Sit 'n Sleep

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Article Summary: With his long-time partner and friend, Nelson Bercier, President of Sit 'n Sleep, Larry Miller just opened his thirty-second store. They have plans for expansion to 40 stores over the next three years. More than 300 highly trained employees serve Sit 'n Sleep's clients' needs and sales have surged past \$100 million annually.

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Larry Miller's signature clincher echoes in the hearts and minds of southern Californians and to Miller fans worldwide who have embraced his siren call that "Sit 'n Sleep will beat anyone's advertised price, or your mattress is freeeeee..."! It's a phrase that has sold millions of sleep-enhancing mattresses, and it's based on firm foundations (all degrees of firmness!) of verifiable, supremely beneficial facts. Larry believes strongly in the dynamic use of Media, forcefully communicating his Message. The slogan came to life during a telephone conversation with a customer insisting on a best-price guarantee. A guarantee Larry has never had to honour.



With his long-time partner and friend, Nelson Bercier, President of Sit 'n Sleep, Larry just opened his thirty-second store. They have plans for expansion to 40 stores over the next three years. More than 300 highly trained employees serve Sit 'n Sleep's clients' needs and sales have surged past \$100 million annually. The company is headquartered at Gardena with 240,000 square feet of space, 69 deck doors, and with future expansion in mind.

Warm, candid Larry mentors all who will listen to him. His mantras are many. His methodologies reflect his origins, his own life experiences and the perpetually shifting sands of the many cultures that flourish in the heavily populated mega-region surrounding Los Angeles, Orange County, Ventura, Santa Barbara, Ontario and Long Beach, most recently important to Sit 'n Sleep. The opening of the Santa Barbara location is also intriguing because it's the first time the company has pushed outside LA's television market to test the strength of the brand. "It should prove to be an interesting part of our journey," reflects Larry.

There's a man of commitment behind Larry's infectious smile. You could say that he's been lucky. But a guru once defined "luck" as "preparation meeting opportunity". Says Larry, "I actually think I'm doing people a favor in my work. I believe that, and I'm proud of what we do. I'm a lucky guy! I never in my life thought I would have what I have or be able to do what I've done."

Sit 'n Sleep Website Homepage



"Irwin was always scripted in a bantering session with Larry, the pitchman, enthusing about

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fabulous deals, recklessly marking down mattresses offered to customers. Irwin pleaded with him, moaning in despair with the now famous line, "You're killing me, Larry!"

Larry was born and bred in West Los Angeles, deep in that rapidly developing centre of entrepreneurial innovation. In his pre-teen years he sold newspapers and fireworks in his old neighborhood, "a booming business!" Later he worked his way through Santa Monica College and also California State University, Northridge, washing dishes, buying and selling rare coins, toiling at a gas station and helping out as janitor and delivery man at his father Phil's mattress store. Larry dropped out of college in his senior year, "But I went on to get my B.A. in life," he said.

The young visionary took a trip to Japan, saw and experienced futons, was inspired and predicted the futon revolution of the '80s. It was the era of Shogun and sushi, and futons were cool then man! Back home, his father and former partners had not done well with their three convertible sofa franchises. So Larry and Phil joined forces, each investing \$10,000, and together opened the first Sit 'n Sleep store, focusing on futons, beds, sofa beds and mattresses. Consumers took notice, "But it was hard-going at first. We worked nearly around the clock." Said Larry, "We were close to bankruptcy for many years; there was just no money. I drove a broken-up pickup truck and I was broke as a skunk. Hand to mouth from the '80s to the early '90s. But eventually we became the first commercially successful mass distributors of futons on the West Coast!"

It was in 1987 that Larry was confronted with "both the high point and the low point of my life". There was no money in the bank, "in debt to everyone", but his fiscal trials coincided with the birth of Danielle, his first child, "a wonderful moment!"

During Phil and Larry's first year in business, they could only afford small print ads in The Herald Examiner and The L.A. Weekly, and they hung flyers on the doorknobs of houses and apartments to reach potential customers. Then came Larry's "Three big eureka moments! We started doing radio advertising which greatly impacted sales." (One of Phil's friends, a local radio station manager, offered them time at \$25 a spot. The ads featured Larry himself, at first "awful!" in his role as pitchman. He persisted, worked hard and developed techniques along the way and became assured, even ebullient, capable of delivering a powerful and funny message.) "Then we advertised on The Howard Stern Show, which resulted in another large bump in exposure and sales. We then took the leap to the broadcast airwaves, advertising on television, and that solidified our company as the mattress leader in Los Angeles."

Santa Monica Sit 'n Sleep Store



"More than 300 highly trained employees serve Sit 'n Sleep's clients' needs, and sales have surged past \$100 million annually."

Howard Stern entered the picture when Larry was approached by Rich Kagan, a really, really persistent ad salesman who badgered him to buy time. Kagan is quoted, claiming that, "It took 30 visits to persuade him". Stern's humour wasn't quite on Larry's wave length. But the entrepreneur's kind heart came to Kagan's rescue. The salesman's car was broken into during one of his calls at Sit 'n Sleep. Larry took pity on him and finally agreed to sign on. And Stern's straightforward style and respect for his clients and their product lines really appealed to up-front, honest Larry.

The success of the venture became a legend in the industry! Larry's "large bump in sales" actually amounted to a 50 per cent surge. He used the extra revenue to invest in television exposure and, when business doubled, and more stores were added to the chain, Sit 'n Sleep again took an unexpectedly creative approach. Irwin Zigmond emerged from his original benign niche as Larry's good friend since age 12, later his valued accountant, to become a significant character in the company's wacky ad campaigns. Irwin was always scripted in a bantering session with Larry, the pitchman, enthusing about fabulous deals, recklessly marking down mattresses offered to customers. Irwin as his fictional and real life money man, fruitlessly pleaded with him, moaning in despair with the now famous line, "You're killing me, Larry!" The original line is Irwin's, but Irwin's role was played by an actor, Cary Sacks. At Christmas 2005, clever, memory-sustaining souvenirs were given away, bobblehead dolls of Irwin that spoke his catchphrase! "Irwin always has my best interests at heart," said Larry. "I'm the entrepreneur and he always brings me back to reality."

It was not long after the Stern contracts were signed and the "message" gathered momentum that Larry wanted to expand. Phil did not and eventually in 1996, Larry bought his father out. And it was then Larry asked Nelson Bercier, at that time his Culver City store manager and former brother-in-law, to become his partner in opening a new store in Tarzana. In 1997 Nelson agreed, and gradually they opened 14 more stores in Southern California.

"In addition to advertising, we debuted 'America's First Super Store', a 35,000 square foot Sit 'n Sleep mattress showroom. We provided Los Angeles with a unique, friendly, informative and highly competitive retail experience.

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showroom. We provided Los Angeles with a unique, merry, informative and highly competitive retail experience, giving consumers the largest mattress selection in Southern California."



"Two things can kill you in business, not enough business and too much business! And it's necessary to know the difference between cash flow and profitability."

Decades rolled by and times were a'changing. In 2006, Larry spent time one day reading reports on the "housing bubble", that it would "have disastrous implications on the mattress industry, and the economy as a whole. I sat down with the Sit 'n Sleep Board of Directors and laid out detailed plans on how to survive and still thrive in what was going to become a declining market for the next five to six years. Had Sit 'n Sleep not proactively responded to the economic forecasts, it would have been challenging for the company to grow. But we continued to expand during the economic turndown and instead of shutting down locations, we opened new stores."

Larry talked with the Los Angeles Magazine's business editor a couple of years ago. He had been right in his prediction of bad times ahead. "Our business topped out in 2007, 2008 saw a big sales reduction and the first half of 2009 was going into the toilet. I decided we had to change the way we talked to people." A lot of the rethinking involved cost cutting, buying office supplies in bulk, getting cheaper phone service. Larry and Nelson asked their vendors – carpet cleaners, landlords, gardeners – to give them a price reduction over 18 months. "I told them we needed some help." But trimming expenses didn't fill showrooms. It was no longer a priority to replace an old mattress. And when real estate collapsed, inevitably they lost more business. Revenues fell dramatically from \$99 million in 2006 to \$79 million in 2008.

Purchases of customers who were still buying rose sharply under the \$500 level, while the \$500-\$1000 product lines "took a dive". Cary Sacks was not only the voice of Irwin but also had been the creator of the commercials since 1998, and he made an unpleasant but useful discovery that helped structure a vibrant, memorable new campaign. He read that in eight years' time, a mattress can double in weight, this from a nasty mixture of "dead skin flakes, sweat, and the fecal matter of dust mites that accumulate under the mattress cover". So the team decided on a new advertising approach, a less madcap Larry talking about the potential risks of sleeping on old, mite-infested mattresses. The now health-conscious entrepreneur discussed seriously the eight-year expiration date of mattresses, but was tongue in cheek about certain aspects of the dangers involved. Here's a sample television script:

Consumer: Poor sleep can affect my weight?

Larry: Studies show people tend to be hungrier and eat more when they don't sleep enough.

Consumer: My lumpy old mattress could be making me fat?!

Larry: (He nods knowingly.)

Larry mused, "But perhaps the most important thing that Sit 'n Sleep has done to ensure success, is to treat every single employee as a Brand Ambassador. Nelson and I have truly done every job in the company from sales, delivery, marketing... the works. We've walked in all of our employee's shoes. Nelson and I believe it is vital to treat every single employee with integrity, respect and empathy. Employees are the face of the company and, if you treat your employees correctly, they will treat consumers well. It's a win/win situation.



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Pictured are Larry Miller, Nelson Bercier and Nelson's son Jeremy. Also a Chino Hills Interior photo showing Tempur-Pedic display.

"In troubled times when competition was going out of business, Sit 'n Sleep stepped up to the plate to service customers. We are focused on pleasing customers, especially when the competition cannot; this is proving to be a successful tactic.

"And the acquisition of new real estate in key markets has been the cornerstone of our success. Due to the softening real estate market, we've been able to acquire retail locations in areas that weren't affordable years ago, allowing the company to open new businesses to service new customers that were under-served years ago.

"Huge stepping stones for our business are carefully designed e-commerce and education efforts that have allowed us to attract and connect with new consumers.

Both Larry and Nelson are staunch believers in the importance of a great night's sleep to overall health, and their core messages are now of sleep health and sleep education. All of Sit 'n Sleep's superstores offer sessions with proprietary body diagnostic "Sleep Match Technology" to ensure the right mattress for each sleeper. "Every sleeper is unique. The device is capable of making 17,000 calculations to find what type of mattress is the perfect fit. The machine's calculations are based on individual height, weight, pains, sleep habits and many other factors. And the machines have become 97 per cent accurate in their recommendations." Sit 'n Sleep has partnered with a variety of sleep health experts who are able to advise on sleep as it relates to indoor dust mite allergy prevention, bedbug safety, weight loss, spine health and other sleep related issues.

Their concentration on health also focuses directly on their sensitivity to the health and comfort needs of the rapidly growing boomer and senior demographics. By 2030, citizens over 55 will comprise 20 per cent of the U.S. population. Sit 'n Sleep goes to great lengths to provide their sales consultants with hundreds of hours of professional training so they are "not only mattress experts, but sleep experts.



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"We're excited that Sit 'n Sleep has entered into a strategic partnership with Dr. Michael J. Breus, the preeminent sleep expert. He is personally educating the Sit 'n Sleep staff on beds, the science of sleep and sleep health." (Dr. Breus is a multi-credentialed clinical psychologist, author, broadcaster, a specialist in sleep disorders, and creator of The Dr. Breus Bed which is, of course, carried by Sit 'n Sleep.)

"We offer literally thousands of different mattresses and bed combinations ranging from the Sherwood set at \$199 to our most expensive Kluft." Said Nelson, "We're one of the few stores featuring the Kluft King which is seven feet square." The selection also includes Sealy, Simmons, Serta, Tempur-Pedic, Octaspring, Stearns and Foster and many others.

Larry, Nelson and their energetic staff make time in their schedules to engage with their communities. Recently Larry announced that, "Through the Hiring our Heroes Programme, we plan to add 100 veterans to our company. It's one of our top priorities." They were the 2006 Honorees of the Home Furnishings Association chapter of the City of Hope. Together with advertising and vendor partners, they helped raise over one million dollars to help the City of Hope fight cancer and provide assistance to the families of cancer patients. Annually, the staff participates in Lee National Denim Day, raising money and awareness for breast cancer and, for several years, staff, vendors and advertising partners volunteer during the MDA Labor Day telethon, contributing hundreds of thousands of dollars towards the fight against muscular dystrophy. Habitat for Humanity is high on their list of outreach in each community.

Another very important annual event is the awarding of scholarships to graduating high school seniors residing in the communities served by Sit 'n Sleep stores, this through the Sit 'n Sleep-Phil Miller Foundation.

Larry's personal life is mentioned briefly on Sit 'n Sleep's website (www.sitnsleep.com). "As gregarious and outgoing in real life as he is on media, Larry is proud to be on a first-name basis with all of his more than 300 employees. He's prouder still of his son Andrew and daughter Danielle."

On the vital topic of succession, said Larry, "For the last year Andrew has worked at Wingman Media, the advertising agency for Sit 'n Sleep, to get to know that important piece of the business. In a few months he will take on a new position as a road rep for a major mattress manufacturer. Andrew is learning the business from all perspectives. To understand business properly is to understand manufacturing, advertising and inside the actual business. The more experience someone can have in business, the more value he brings to the table. And I'm happy that Nelson's son may also accept a position in the company.

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"Danielle has great plans, too. She is in a post-baccalaureate pre-med program at the University of Southern California and she has accepted a position at the Barbra Streisand Heart Institute at Cedars Sinai Hospital. She will attend medical school where she is interested in specializing in oncology, cardiology or research.

Larry recently remarried. On a trip to Thailand, he asked an attractive lady for help in finding a gift to take back home to Danielle. He fell in love with Nuch, also an entrepreneur and a kindred spirit, and he now has an additional grown son, Ping, to boast about.

In commercials, Larry exudes flamboyance, he's exuberant, way-out zany. On home ground, he's a quiet soul, soft-spoken, modest, and even introspective. Larry remains the searcher, the student and the teacher, eager to communicate, to tell his story, his dream and his confidence that the world, no matter what current economic variations might indicate, is a good place to be, right now, right here and, if you play it right, the future is sunshine blue, no clouds on the horizon.

His advice to new entrepreneurs with strong urges to establish their own empire: "Be different, give consumers an overwhelming reason to do business with them, don't take no for an answer, don't settle for defeat, keep doing the right thing and don't give up. If I had given up the first time I encountered an obstacle, Sit 'n Sleep would not be in existence today. Be honest, straightforward with employees and customers, treat everyone with dignity and respect. Most importantly, be proud of the person who is staring at you in the mirror every morning.

"I'm going to stay in this until they carry me out. I love what I do!"

Janet Holt-Johnstone is retail editor at Furniture World Magazine.

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