RINGO H.W. CHIU/LABJ

Lying Down on the Job: Chief Executive Larry Miller at the Sit 'n Sleep shop in Culver City, where he and his father launched the business as a futon store in 1980.

Stretched Out

Before Sit 'n Sleep achieved a success fueled in part by hit TV and radio ads, Larry Miller says the furnishings business flirted with bankruptcy.

By ALEXA HYLAND *Staff Reporter*

LARRY Miller took a vacation from work at his father's foundering furniture store in the late 1970s. He went to Japan, where he slept on a futon. Miller was so impressed that he opened a futon store called Sit 'n Sleep at a Culver City strip mall in 1980. Since then, Miller has become the face – and voice – of Sit 'n Sleep, appearing in TV commercials to promise: "I'll beat any advertised price or your mattress is FREEEE!" The ads have sold enough mattresses to bring Sit 'n Sleep to 22 retail locations throughout Southern California; the chain employs about 300. Miller's success didn't come easily. When growing up in the West L.A. area, he worked odd jobs. As a young father, he struggled to turn Sit 'n Sleep into a profitable business, using credit cards to keep the company going. Miller, 60, sat down with the Business Journal recently at his flagship Culver City store to discuss why he started Sit 'n Sleep, how it cost him his marriage and how those wacky TV ads came to be his calling card.

Question: Southern Californians know you as the man behind the slogan "We'll beat any advertised price or your mattress is free!" So, have you ever given away a mattress for free?

Answer: I always beat the price. Let's say I have a mattress for $999 and someone has it advertised for $959, I'm just going to beat the price. It makes more sense to beat the price than to give it away for free. And I'm sure there are times I've sold a mattress at my cost but I will do whatever it takes.

How often do customers come in with a cheaper advertised price?

Customers come in a few times a month. Retailers don't generally advertise prices for less than wholesale costs, but if they do, I would rather do that than lose the customer.

How did the slogan come about?

I used to work in the store by myself on Thursdays. And every second or third Thursday of the month my radio representative would help me write a new commercial. A phone call came in from a lady who was in bed, pregnant and couldn't sleep. I said, "I know the right mattress for you." And she said, "How do I know I'm getting a good price from you?" And I said, "Ma'am, I will beat any advertised price or your mattress is free." My representative heard it and said, "Why don't we record that for your commercial?"

How did you get your start in the mattress business?

I went to Japan and slept on a futon and kind of liked it. I came back to Los Angeles and I couldn't find futons anywhere except for the small Japanese community in West L.A., where there was one tiny futon shop. And I started thinking, and I said, "I wonder if I can sell futons?" And I bought one and showed it to my dad, and I said, "I think we can start selling these things." He said, "What is it?" I said, "It's basically batted cotton tied together, and you can sit on it or you can sleep on it." I trademarked the name Sit 'n Sleep.

Where did you open your first store?

I decided to open up a small store here in Culver City. The futon concept took off, but very slowly. I think the first year I did $238,000 in volume. My wife basically said I needed to close it down. She didn't believe in it, she didn't believe in the concept. She thought I could go to work for somebody else and make $35,000 a year. But I wanted to make my own mistakes and do my own thing.

When did you get divorced?

Seven years ago. We were in therapy for a while and we grew apart.

Do you think running your own business impacted your marriage?

I know it did. I had to work seven days a week and she would say, "I want you to spend more time at home." And I got to the point where I could and finally did, but it was a little bit too late. There was also a point where a wife should be supporting her husband's efforts. It wasn't like I was out fooling around. I think there were some aspects of both parties that were wrong. But I had to make sacrifices to become what I've become, and I don't regret it. We are good friends and have two great kids.

How bad did things get before the business took off?

Sometimes it was painfully difficult because I had no money, I went six months at a time sometimes not taking money out of the business because I just couldn't do it. When my daughter, Danielle, was born 23 years ago, I had no money in the bank. I had $1,100 in my company account and maybe $2,000 of my own money. I had nothing. I had $138,000 in credit card debt and I owed the government back taxes. I was on the edge of the table, ready to go down. And I had made financial promises to a vendor to pay, and if I did not pay that vendor that week, I was not going to be in business.

What happened?

I remember going to the hospital to have the baby and calling Nelson, who is my ex-brother-in-law and a minority partner in the business, and saying, "I've got to have a baby, and you've got to run the business." I called Nelson at 6 o'clock and I said, "How's business, Nelson?" And he said, "Do I have niece or a nephew?" And I said, "You have a niece. She's 7 pounds, 6 ounces and she's beautiful." And I said, "How's business?" And he said, "It's slow." And I said, "How slow? Did you

Larry Miller

TITLE: Chief Executive

COMPANY: Sit 'n Sleep

BORN: Burbank; 1950

EDUCATION: Cal State Northridge

CAREER TURNING POINTS: Deciding to advertise on KABC's overnight radio for $25 for four nightly spots, then advertising on TV and the Howard Stern radio show; opening a second store in Tarzana

MOST INFLUENTIAL PEOPLE: Dad, mom, sister, business partner Nelson Bercier and employees

PERSONAL: Lives in Redondo Beach; divorced; has two children, Danielle, 23, and Drew, 20

ACTIVITIES: Scuba diving, fishing, traveling, attending Lakers games

do $10,000?" He said, "Larry, it's slow." And I said, "Did you do $5,000?" And he said, "Larry, it's slow." And I said, "What did you do?" He said, "Zero." I went home and I was sick to my stomach. I was thrilled that I had my child, but disgusted that I didn't know if I would be in business the next day.

So how did you pay the vendor?
The next day, I went into the store and there was $687 in the tin where we kept the money. So, I got all my credit cards out and I found $9,000 of available charges and I took it to the bank so I could cover the check that was hitting that day. The check was for $10,000, so the bank called me and said, "You are short." And I said, "I'm picking my daughter up at the hospital, can you hold the check until tomorrow?" And they did. If they had bounced it, I would have been gone.

What do you feel when you look back on that?
It's satisfying to come from nothing and become somewhat successful. I think I've been very fortunate.

Tell me about your childhood.
I was born in Burbank and my parents first lived in Laurel Canyon until I was 1-and-a-half-years old. And then my parents moved to West L.A. My mom still lives in the same house that we moved into in 1951. I grew up in a pretty humble background. My dad had been injured in World War II and was in the hospital for a long time and came out and started a small business. He had a small furniture shop on San Vicente Boulevard in Brentwood, which eventually failed.

So you grew up without much money?
My dad was without work for a while. When you don't have a lot when you are young, you don't really know. But I realized that I always had hand-me-down clothes. I wore my cousin's clothes.

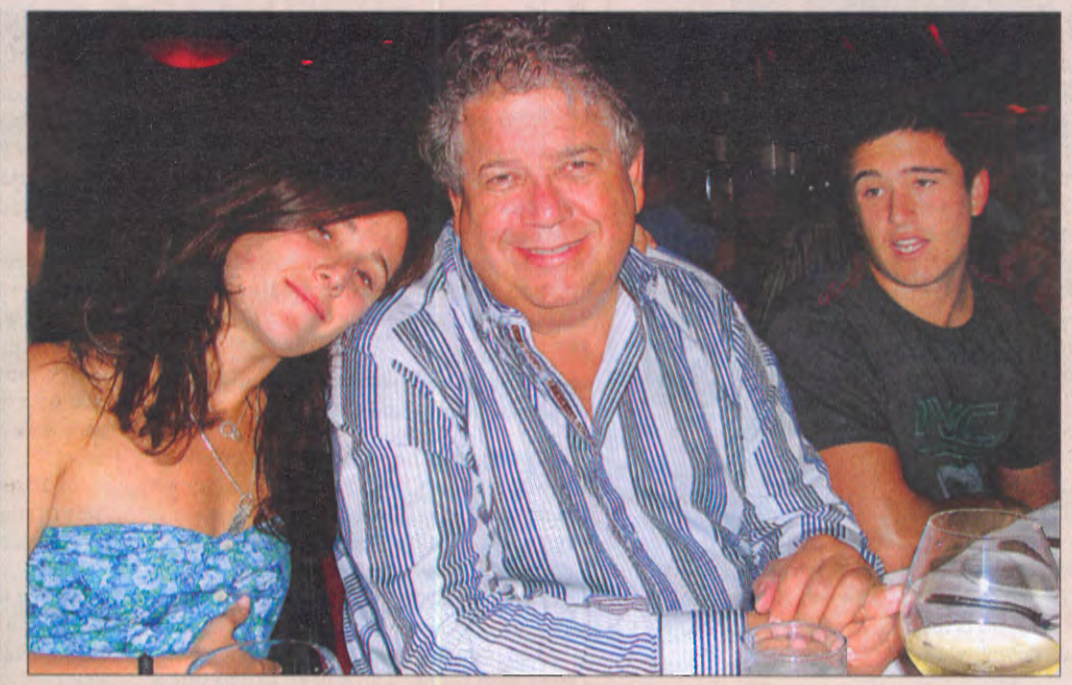
What did your mom do?
My mom was a housewife, and because of economic issues, she went to work and sold encyclopedias door to door. She knocked on people's doors and sold World Book Encyclopedia.

Did you work growing up?
I started working different jobs as a kid because I needed to. I had a paper route; I worked as a cleanup boy; I worked as a delivery boy; I worked as a waiter; I worked as a dishwasher; I worked as a cook's assistant. I worked my way through school. Eventually, I started delivering furniture and then started selling furniture when I was in college. My dad owned a franchise that is now defunct, a company that was kind of like Jennifer Convertibles. I started selling there to work my way through college and I realized that the business model wasn't really good and sound, and there was no chance of profitability.

Is that when you started Sit 'n Sleep?
Yes. My father and I started this business with $10,000 each.

When did the business become profitable?
It started taking off in the 1980s. I started advertising in the early 1980s, and I started running tiny ads in the Herald Examiner. I started running ads in the LA Weekly, which started working. And then I went on radio. My budget for radio was $100 per night, so I found KABC radio by luck, it was America's first all-talk station. I went on overnight radio. I did four overnight spots a night at $25 per spot, and it started working slowly. It grew, not by leaps and bounds, but by inches.

But radio helped boost business?
Radio really took off. I believed that listener-interactive radio meant something to people. In 1991, Howard Stern came to Los Angeles and a friend of mine came into the store and said, "Listen, this new guy is in town, his name is Howard Stern and he's the best thing since sliced bread." I tuned in and listened to him, and I said, "This guy is raw, he's kind of nasty. Maybe I should advertise on his show." So, I called a friend in New York who knew of him and I said, "What do you think of Stern?" And he said, "He could sell snow to the Eskimos. He's the best salesman on radio."



Family Man: Clockwise from left, Miller hams it up in a photo booth as a boy; Miller with his children, Danielle and Drew; Miller with his father, Phil. Miller and his father launched the store with a $20,000 investment.

And it worked?
I would go into the studio and cut a bunch of tape, and a couple of times a year he would do a bunch of outtakes for me. So we would do a commercial, and then they added, "Larry's a mattress god" and "Larry's a mattress king." And our business almost doubled that year. And the next year, I went on TV and our business doubled again, in 1993. We eventually grew the Culver City store to the highest grossing mattress store in the country.

Did you get along with Stern?
I met him several times at parties and functions. I remember he and my mom bonded pretty well. There was a party at the Four Seasons and he was there. And my mom, who was obviously the oldest person in the room, ran up to him and said, "I love your show," and they started talking for 30 minutes. My mom is 91, but sharp as a tack. And she likes good humor and doesn't mind a dirty joke from time to time.

What inspired the character of Irwin the accountant, who plays a recurring role in the ads?
Irwin is my childhood friend. We've been friends since we were 12 years old. He is a CPA and the conservative one, and I was always the wilder one. We are still that way today. When we opened our store, we struggled and he helped us. I'm great with ideas and creativity, but I'm not the best with book work. My dad would always call Irwin up and say, "Listen, Larry wants to expand the business, talk to him and tell him not to do it." And Irwin would call me all the time. And I would say, "Irwin, stop busting my balls, will you?"

How did Irwin get into the ads?
Cary Sacks, an ad rep, came in, and we were working on an April promotion where we would pay your tax. And I said, "Why don't we have an accountant, and the accountant is going to be named Irwin and he's going to be all nervous and he's going to tell me what to do." And so, we had this true human being who was one of my best friends in the world, and who is very conservative and bottom line-oriented and always telling me my margins are too low. So, we kind of had that play-off, which really worked. And Cary became the voice of Irwin: "You're killing me, Larry!"

What do you do in your spare time?
I'm a big Lakers fans.

What else do you do for fun?
I scuba dive; I fish. I do anything to do with the water. I love going to foreign countries and smelling the air, meeting the people, learning the culture. I've taken my kids on safari in Africa. I've been to Asia with my kids. I've been to South America with my kids. I love traveling with them. I try to do one trip a year with my daughter, Danielle, and one trip a year with my son, Drew. And we take a trip together each year. I want to give them the experience of travel. I don't want to give them a Cartier watch or a new car because that doesn't do anything for them. They need to earn all those things. But experiential things, art, music, all those things, are important to make you a better, well-rounded person.

Are your kids going to take over the family business?
Drew is at San Diego State. He's a forklift operator during the summer at the Gardena warehouse. But he's a natural born sales person. He always says,"You are doing this wrong, you are doing that wrong." He wants to come into the business. Danielle just graduated from the University of Vermont, and she's either going to get an M.B.A. or go to law school. I've asked her to see if she's interested and she says, "Dad, I don't know if I really want to do that. I want to help people." But I would love for them to have the opportunity to take it over.

What's your daily routine like?
I'm in the office at 7 a.m. and I check in with my assistant Becky to see what's going on. I'm on e-mails early, and then from 8 a.m. until about 4 p.m., I'm in meetings on marketing or real estate or finance issues. Every day it's different. We have certain set department meetings, but I hate long meetings. I'm a little ADD, so I try to keep meetings short and to the point. And some days, I'm shooting commercials and some days I'm in the stores.

How often do you get out to the stores?
Every major holiday weekend I'm out meeting people. I like meeting the customers and hearing and seeing what's going on. I spend a couple of days a month traveling with the regional managers store to store, as does Nelson.

What's the best advice you've ever received?
One of the most important lessons my dad taught me is that I better be proud of the guy that's looking at me in the mirror when I shave in the morning. He said, "When you are shaving in the morning, if you aren't proud of that guy, you are living your life wrong and you better change and do the right thing." He would always do the right thing and that was a very important lesson.