

The First Fifty Years

A wise man once said that "Friends come and go, but enemies accumulate."¹ The same can be said of the relationships that develop between a company and its customers.

The year 1989 marks the 50th anniversary of the founding of HALVA International. While many other import/export businesses have started in glory and ended in defeat, the HALVA International corporation continues to thrive.

While there are many theories surrounding the success of HALVA International, the truth lies in the careful cultivation of customer relationships and continued efforts to provide quality merchandise at affordable prices.

In this report, the past, present, and future status of HALVA International are reviewed, with an emphasis on these characteristics as being vital to the continued survival of the company.

The European Connection

The year was 1939, and the rumors of war had become a nightmare of reality. With the transportation of goods between many countries blocked, and the lines of economic communication virtually severed, intercontinental business was at a standstill.

"Suddenly, the entire face of economics changed to a survival industry. Manufacturing resources were transformed overnight into a war machine. Sacrifice of conveniences became the test of civil loyalty."

It was an awkward, if not impossible, time for the birth of an import/export business. But, then, Bryan Metcalf was no ordinary individual.

The Roots of Mail Order

Realizing that crisis times called for an extraordinary effort, Metcalf knew that his trade in oriental rugsⁱ was doomed unless he could find a way to secure transportation of the rugs to his customers.

Concerning this bleak period, Metcalf comments, "It seemed as though there was absolutely no chance for economic survival. However, even in the darkest hour I received renewed strength and hope when recalling the sacrifices widowed mother was called on to make while raising 5 boys."

¹Howard Keele, No Good Deed Goes Unpunished, (London: Harper and Sons, 1975), p. 39.

A Time For Reflection

While the past provides understanding, the present provides reality. In this part of the report, we hope to give an overview of HALVA International that provides a moment of insight into the current direction of the company.

Direction vs. Management

The nature of an organization is often determined by the personality of its founder. In focusing on the nature of HALVA International, one immediately recognizes the influence of Bryan Metcalf, the man.

Despite advice to the contrary, Metcalf has always maintained that employees should be given direction instead of management.² To that end, he has worked to give employees a voice in both their job description and the goals of the company.ⁱⁱ

Maximizing the Organization

However, in all the attention to employees, the goal to provide quality merchandise at discount prices continues to give purpose and direction to the company.

As indicated in the Operating Expenses table, that goal contributes to the recent venture into retail outlets.

After the opening of several retail stores in 1989, sales increased by 50% during the last quarter. However, as demonstrated by the table figures, operating expenses were often more than twice those of the third quarter.

Operating Expenses 1989

Expense	Fourth Quarter	Third Quarter	Change
Payroll	330,485.00	289,800.00	14.04%
Taxes	35,500.00	12,075.00	194.00%
Rent	29,600.00	29,600.00	0.00%
Phone	6,200.00	2,173.50	185.25%
Mail	4,980.00	8,780.00	-43.28%
Utilities	9,060.00	2,500.00	262.40%
Office Supplies	6,037.50	4,350.00	38.79%
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Totals/Average	421,862.50	349,278.50	20.78%

While some expenses increased significantly, the overall average was well below the 50 percent increase in sales. This remarkable achievement is due, in part, to careful planning and the reliability of the estimates provided by Harmon/Weatherby Consultants, Inc.

Mail Order Marketing

Not to be forgotten, however, is the solid base of mail order business that continues to provide capital for the retail venture. A comparison of revenues from both mail order and retail sales indicates that there is still a solid market of mail order customers, despite recent reports of fraud among some mail order houses.

²Bryan Metcalf, "Nothing is Impossible for the Man Who Doesn't Have To Do It," Export Retailer, September 1989, pp. 55-60.

The Next Fifty Years

While the recent upswing in the growth of HALVA International is a welcome indicator, there are also potential problems that need to be addressed.

However, if these needs are met, the company can look forward to a bright and exciting future through the decade of the 1990's and beyond.

Expanding Markets

From oriental rugs to imported jewelry, HALVA International has always provided a variety of merchandise to its customers. However, the variety of products has often been limited to those items that are a known quantity.

Recent trends indicate, however, that there is profit to be made in areas such as oriental furniture and music boxes. In fact, our research indicates that music boxes may become a long-term, profitable investment.

Expanding Resources

Whenever a company grows too rapidly, there is always the possibility that the needs of the customer may become secondary to the needs of the company. To make sure that each customer still feels important, HALVA International has developed a plan that reserves 10% of the net income each year for customer services such as telephone support, product safety brochures, and free baby-sitting for customers in our retail outlets.

In addition, a special committee has been appointed to monitor the growth of the company to make sure that all the needs of company employees and customers are being met.

It is felt that by appointing the committee, the good faith of HALVA International in its customers will be seen by the public as one more proof that when it comes to customer service, the customer is always right.

ⁱOne of the most lucrative businesses in Europe is the trade in oriental rugs. In fact, many a fortune has been accumulated in a relatively brief span of time by such noted individuals as Heinrich Salsberg, Giovanna Chiave, and Helen Manchester.

ⁱⁱBryan often takes employees with him on business trips throughout Europe and America. Scoffing at the adage "An ounce of image is worth a pound of performance," Bryan maintains a low profile, giving the spotlight to deserving employees, while dismissing his involvement as negligible.