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A Peak Behind the Curtains

Introduction: The Start of Stage House

Angela Rumi has always had an interest in real estate. The housing market was upbeat, competitive, and successful; Rumi wanted to get involved.

While on a hike with some of her close friends, including many successful realtors from the Bay Area, Rumi heard one mention there was a need for more stagers. This sparked her interest. She quickly asked for clarification on what staging is and came to learn it was a form of interior design: setting up a house before it goes on the market. She then rushed to the phone and called her good friend Christina Rudolph.

Rudolph picked up the phone and they discussed the hypothetical idea of starting their own business in an industry they knew nothing about. “(We) thought maybe it would be fun but didn’t really know if we could pull it off or had any business even trying to do that. So, I talked to a friend of mine who I had known for about thirty years and was a real estate agent, friend, and neighbor,” said Rudolph.

Her friend was Owen Halliday, a realtor with the Sereno Group, who has an extensive background in the housing market. “So we’re thinking about getting into staging,” Rudolph said to Halliday on the phone. “I thought, *oh my gosh; it’s a lot of work*,” mentioned Halliday, “a lot of people go into staging thinking it’s going to be decorating and it’s going to be

remodeling and it's going to be all fun. The reality is that staging is hard, hard work. I wasn't sure that Christina was up for that kind of work. But she persisted."

Stage House Interiors has now been a business for four years. It is one of the most successful staging businesses in the area, the first call for around ten agents, and is on the path to stage over 120 houses this year. "It just, sort of, worked. We didn't know it would, but it did," said co-founder Christina Rudolph. An essential part of starting any small business is having the ability to take risks: that is exactly what Rumi and Rudolph did.

Chapter 1: A Major Risk

Staging is using furniture to compliment a house that is on the market. It helps potential buyers picture what it would look to be living in the house by providing a perspective on what furniture could be used in it. Home staging companies are a lot of work and hard to build from the ground up. So why take this risky leap? What inspired the two to completely turn around their lives and create this business? Rudolph credited her interest to the creative aspect behind staging. She explained that she was inspired by the idea of controlling her own work life and having a constant creative outlet that would essentially make money. Rumi credited her interest to wanting to get back into the workforce.

Many startup businesses begin from a slim idea that then gets fluffed out to a full company. Startup activity has been on the rise since the great recession so the competition of creating a successful business has increased (Pullen). There are two important aspects in consideration when creating a business: who the idea is being marketed to and the risks involved. Vice president of global company FastTrac, a network of advisors helping entrepreneurs create companies, Michele Markey, explained, "a smart entrepreneur needs

to figure out where their sweet spot in the marketplace is” (Pullen). The only thing that will help launch a company is the need people have for it. This means brand recognition; how familiar customers are with the product being provided will impact their use of it (Everyday Finance). Another important detail put into consideration before starting a business is the risks involved. Owners of such businesses put their career, personal finances, and mental health at stake: all for a shot at success. The risks they face could make or break the success of the company and are specific to every field of work (Czernik). According to Matt Mansfield, the author of a paper publishing recent statistics taken of startup companies, “50% of small businesses fail in the first four years” (Mansfield). Barriers affect competition in a given area and when they are too difficult to overcome, they affect how many people are involved in that type of business (Everyday Finance). They weed out people who won’t be successful leaving only the thriving companies. These companies who are able to overcome their specific barriers will maintain business and success.

The motivation that drove Rumi and Rudolph to take a stab at starting a home staging business came from the desire they had to alter their own destiny and make their own decisions. Luckily, according to Mansfield’s statistics, “having two founders, rather than one, significantly increases your odds of success” (Mansfield). Rumi and Rudolph even admitted to not being nervous when taking this leap. Rudolph said, “it never really worried me that we couldn’t do it, it was just would we be able to get the business.” Both were passionate about interior design. Rumi had built and designed her own house and Rudolph’s family flipped houses as she grew up. They knew that there was a need for

stagers and although they lacked experience when it came to finances and the taxes involved when creating a business, they pursued their idea.

Rumi and Rudolph faced many risks, as all entrepreneurs do. The first obstacle they had to overcome was the doubt they felt from their original Sereno Group realtor, Owen Halliday. After making the final decision to move forward with Stage House Interiors, the two women did lots of research. Prior to beginning their business, they met with realtors to learn more about staging. They questioned them regarding what they did and didn't like about their stagers and were able to build a foundation for their business plan. The second step they took was getting business. Halliday soon became dissatisfied with the stager he was using, "the stager we were using ended up being very expensive and we became less and less satisfied with her work," he explained. Rudolph was chatting with him at a Halloween Party explaining how Rumi and her were planning on going through with creating their staging business: Stage House Interiors. He then offered them their start with a small condominium he was managing in San Jose. They self-funded their first stage by taking money from their own pockets to purchase the furniture they needed. Halliday was impressed with their work and offered them their second job. "Our business took off from there," expressed Rudolph.

One of Stage House Interiors' largest obstacles was finances. This is the biggest obstacle for any home staging company and something that threatened their chances at success (Gale Encyclopedia). They had to personally purchase all of the furniture for their first condominium for Halliday. The money went out of their pockets and towards buying the couches, beds, chairs, and tables for their first stage. If they didn't get a second stage

they would have lost their initial investment and be stuck with a house worth of furniture.

“It only becomes economical if that furniture can be used in multiple homes. So the first time you stage you put out all this money and you keep your fingers crossed that somebody will have you stage again,” said Rumi. Luckily, Halliday quickly offered them their second job in which they were able to gain more exposure to other realtors. The person who bought the second house they staged was very impressed, “he wanted just to be given the keys, he wanted everything in it. So, the agent that represented him really noticed that and wanted to know who had staged the house and Owen was very pleased,” explained Rudolph. This helped them expand their business and begin their client base. Still, finances were an issue they battled for the first year of their business. “We had to constantly be buying furniture and the money we made was going to be paying down that furniture,” explained Rumi. Although self-funding was a risky step in the process of creating their business: it worked. “We didn’t have a whole lot to lose but it just depended on how much we wanted to put in were we willing to lose,” furthered Rudolph, “but, we didn’t lose.”

These risks were necessary. “There is no path to entrepreneurship without risk,” explained Annette Czernik, a manager and mentor of financial service companies, “risk surrounds us. The flip side of risk is opportunity.” (Czernik). Rumi and Rudolph weren’t scared off by the obstacles and instead tested their luck. “We just did it. We had this opportunity and we went for it,” defended Rumi. They jumped in head first and watched their home staging business succeed.

Chapter 2: Breaking the norm

Noam Wasserman, author of the book *Life Is a Startup*, used an interesting analogy to express the idea of being locked down in a job: handcuffs. Throughout his book, he discussed that taking a leap of faith often contradicts the safety of having a stable job in a place of familiarity. “When we evaluate a potential leap, we often focus on what we lose by making the change: lower salary, less prestige, lower rank, and the like. Devote at least as much attention to the potential gains as you do to the losses,” explained Wasserman. The decision to completely change their lifestyle was something that both Rumi and Rudolph had to conquer while also being one of the main reasons they ventured to start their own business.

Rumi and Rudolph had to adapt their previous lifestyles to be fully committed to Stage House Interiors. Rudolph broke off her corporate ties by leaving her previous job at the Los Altos Community Foundation. Rumi went from being a stay at home mom: volunteering at the schools, driving her daughters, hiking with her dogs, to re-entering the workforce. “Angie and I started it because we didn’t want to be tied to a job with a desk for 8,9,10,12 hours a day we wanted to be able to do what we wanted to do,” justified Rudolph.

Chapter 3: Staging

Staging benefits houses on the market by getting them a quicker sale and in most cases helping them sell for more money. According to the National Association of Realtors, 62% of agents say that getting a house on the market staged decreases the overall time it spends trying to be sold (Home Staging Decreases). Numerous surveys have also shown that staging can increase the sales price of a house by thousands of dollars proving that

staged homes sell for more than non-staged homes (Eliason). “Home sellers stand to profit anywhere from \$10,000 to \$75,000 after employing the services of a home stager, so they are willing to pay a premium for that expertise,” explained Debra Gould, a stager who created her own company, Staging Diva (Gould). Kirsten Brown, employed by Rumi and Rudolph, compliments staging by saying, “the house would be, you know, maybe cute in the beginning, but after the staging (is) done it (is) a complete transformation. And it (goes) from really cute to, oh my gosh over the top, I want to buy this house.”

Home stagers are operating a business with realtors as their clients. Sometimes realtors will offer staging as a service for their own customers or other times they will highly suggest it. Realtors try to push staging on home sellers because of all of its benefits. “Sellers (and their realtors) increasingly see staging as a sound investment, one that will pay for itself through higher offers from dazzled buyers,” explained Anna Scott in the article *Why home staging is no longer just for the rich and famous* (Scott). “We rely on our stagers because in our business a crummy house might sell for a \$100,000 less (if there is) a crummy staging job,” said Halliday.

In the Bay Area, the location of Stage House Interiors, the housing market has changed dramatically. As more and more houses are being sold at higher price points, staging becomes more important. Since 2012, prices have gone up more than 100% (Halliday). There is more of an expectation that people will stage and it is now something that potential homebuyers take notice of and admire. “Everyone here stages. So, we don’t have to sell the concept of staging- everybody stages,” explained Rumi.

Although the house is meant to look clean and pristine after a stager finishes their work: there is a lot of effort put into each house. Most stagers come and go: “start good and then fall off on the quality spectrum,” explained Halliday, “if you’re good, people will hire you again. If you’re not, they won’t.” Randy Duermyer, the author of *How to Start a Home Staging Business*, explained the typical hours of stager by saying, “you may need to work weekends and/or evenings, as many of your clients will only be able to meet with you during those times” (Duermyer). Stage House Interiors have conquered stages that have lead them to working until five in the morning. “I was really surprised at how they both worked. There wasn’t a lot of sitting around and just pointing at stuff,” elaborated Kristen Brown.

So how did they succeeded? “Good people and sales skills convince prospects to hire you and to handle objections or concerns from clients,” explained Duermyer. Stage House Interiors has been able to sustain its quality while keeping low prices. “They’re very flexible, very easy to work with. That’s been huge for us,” furthered Halliday. Their motivation to do their best and the carefulness Rumi and Rudolph exhibited is what lead them to succeed. Instead of just throwing everything into a house they come back every week as part of their Fluff and Buff service to take care of the house, water the plants, fluff the beds, and make sure it is prepared for more potential buyers. Their approach is appealing to realtors and makes them effective business owners.

Chapter 4: Expansion

69% of U.S. entrepreneurs start their businesses at home (Mansfield). This is also true for Stage House Interiors which began as a quick conversation. When they first began

purchasing inventory they stored it in Rumi's garage. As they gained more business they began renting storage units to house their extensive collection. They purchased furniture through online shopping and going to stores such as Homegoods, Potterybarn, Restoration Hardware, and outlets (Rumi). "We have gone from stealing furniture from our living rooms to filling a warehouse with furniture that we now own," explained Rudolph.

The amount of business Stage House Interiors started to receive also impacted how much they expanded. In the beginning, they were staging every house they were offered in order to build their business. Now, they have reached a point of balance, "(we) can't take on any more business, we can't take on any more new agents, we're sort of at that balancing line where we if we have too many more we'll sort of get ourselves in trouble so we have purposely not marketed ourselves," justified Rudolph. They now have to turn down agents in order to provide their full amount of services to each client and keep their quality high. "We need to be more strategic in which houses we take," explained Rumi, "it will be based on location, size, and inventory that we have in the warehouse."

As Rumi and Rudolph gained customers they also gained furniture and new ways to help keep their business improving and thriving. They bought a truck, hired movers, and employed Kristen Brown. "So now we're at a pretty good balancing point where we have the inventory, we have the money, and we have the houses, and we have the jobs. So at the moment, it is working quite well," Rudolph summarized.

Conclusion: Growth Mindset

Rumi and Rudolph were able to be successful because of their talent and their ability to please their customers. Stagers must be creative and aesthetic in order to really work

with a house and make it spotless. Rumi and Rudolph were able to do this because they have those qualities explained co-worker, Kristen Brown, “they are both artistic, they are both organized, they are both smart. They could probably do this in their sleep.” Client relations that are built, in this case, their realtors, are important keys to success. Rumi and Rudolph were able to develop their base easily.

Starting a successful small business results in growth. Having a growth mindset allows business owners to adapt and expand to reach their full potential. Someone that is able to take risks is more likely to succeed than someone who chooses to remain comfortable. The reward is creating a business that can be maintained and sustained.

Overall, Stage House Interiors is succeeding. They have completed hundreds of homes and are on an upward trend leading to having finished over 120 homes for the year 2019. They have gained confidence in their area of work and are now fully running their own business. “We walk into a house, we can see what a house needs, we know what needs to go into the truck,” explained Rumi.

Their next steps are to maintain this success without taking on so many homes they start to feel overwhelmed. They are deciding between keeping it a boutique home staging company or expanding to a larger business in which they will hire more people. Their story proves that passion and dedication lead to success.

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