



AN ABUNDANCE OF WILL

In 2003, the hearth industry was mature, retail space had been allocated, and new players entered the field at their own peril. That didn't deter Holly Markham.

In the northern reaches of Norway, a Gyrofocus hanging fireplace, by Focus Fires, brings warmth to those who have come to enjoy the scenery and wildlife.



By Richard Wright

Holly Markham is well known in the hearth industry – now. There was a time, however, when that was not the case, a time when she had to knock on retailers' doors and convince them that she was a serious player, with quality products, and in for the long haul.

Hearth & Home: *When did you get involved in hearth products?*

Holly Markham: "I got involved in hearth products in 2003."

Why?

Markham: "Because I was working on my business, which was originally to identify interesting products in Europe and possibly import them. I started out with smaller products, but I was gravitating more toward larger products. I realized I liked building materials, but I guess it was really because they crossed my path. I saw them (fireplaces) at a design show in Europe. It was called 100% Design. I just couldn't believe how they looked, and they seemed fairly different from what I was familiar with here."

"Then I approached a couple of companies in England and asked them about their fireplaces. Their attitudes were, 'You Americans keep contacting us.

We don't know what to do.' I offered to follow up with some of them because I was curious to see what the reaction was. Were they curious? Were they serious? Was there really a need in the marketplace?"

"I guess it naturally evolved from my own gravitation to building materials, to a sales background where I was able to qualify the leads, and then it led me to doing the investigative work of calling on them."

"They got me in touch with someone at the HPBA, who then referred me to Bob Ferguson. I had to understand it because things in Europe didn't meet code."

The H Series in European Home's showroom. INSET: Holly Markham.

Around this time, Hearth Fires was doing something fairly similar. They just were not working with Bob Ferguson. Then Montigo was working on a clean aesthetic, and Town & Country did have a clean aesthetic. It was just that it was the big, more traditional opening. It wasn't a linear look, and it was still with the logs, and what people wanted was a lower profile.

"Back then, I heard all the time how much people hated the logs – 'I hate the logs. I hate them.' I just wanted to import, and to do the stones as media. Everburn is probably more the company I wanted to be. I just didn't understand how to do it. Then it just became, 'Ok, we will license the design and then we will get it made over here.'"

"So slow and steady, and I guess knowing economics, made the difference. It's like there is a barrier to entry. It's a lot of work, but it means that it's harder to do. Once I finally had a fireplace shipping, people would come out of the woodwork saying, 'Oh, I was going to do this. Want to partner up?' Sometimes I started to give them homework because I liked the idea of a partner.

"I sometimes would say, 'Can you research?' and I would give them something to research; then they wouldn't come back. So people had the idea, and I think the bigger companies were holding back waiting until it really took off. I think most of them thought it was a fad."

What year are we talking about when they still thought it was a fad?

Markham: "In 2008 they still thought it was a fad. In 2010, the bigger companies were coming around to the contemporary design. The bigger companies, like Regency or Napoleon, I think they were looking at the volume and they were questioning if there was enough volume to make a decision. Of course, this is just me guessing, but what I felt was they had to see more traction.

"What we heard from the dealers was they had a lot of leads, but it was difficult getting them to display. Some were early adopters, but most held back saying, 'I don't think this is going to last.' Then you combine it with the 2008 recession and, of course, they don't want to be taking on new products (during a recession).

"Coming out of the recession around 2010-2011 is when dealers had a little more confidence that this (look) was here to stay. Then the bigger companies were bringing on their more modern designs. What I see now in dealer showrooms is that contemporary is about 60% of the showroom.

"There was one dealer I went into in Massachusetts; I didn't have anything approved, so it was probably around 2004. It was like a hole-in-the-wall fireplace, just kind of simple without the louvers and it didn't have glass. It had stones on the top, and I said, 'This is something I'm working on and I'm wondering if this would be of interest to you.' He said, 'Already been done.' He was Fire and Ice. Ever heard of him?"

Yes.

Markham: "Then I went back and learned about them; they were early into that whole fresh glass look. But I thought it was interesting that my thing with stone (media) was the equivalent of something with glass. So it was almost like saying to customers, you can go into a furniture store and you get one choice of a sofa. That was the mentality; there's one modern product, therefore we're done here.

"I pushed back, and what helped me was the homeowners. I don't think I knew enough to create the market. I thought that (the concept) was pretty cool and beautiful, but when, when, when (was it going to take off)? That's when I said, ok, I'm going to invest some money. I figured if I could make 10, I knew I could sell 10, and kind of go from there."



Two electric fireplaces greet visitors as they enter the European Home showroom in Middleton, Massachusetts. On the left is the E60, a 60-inch, three-sided electric fireplace, and on the right the E32H, a 32-inch single-sided electric fireplace.

During this time, was your husband, John, already on board?

Markham: “I started the company in 1999. We were shipping our first fireplace in 2005, and John left his company (First Data Corp.) in 2006. He was working with mutual funds, and was always a fix-it-type person. The fireplace business suited him since he could be hands-on. He is also very patient, and dealers like working with him because he never walks away from a problem. He always fixes things, and will help to train so that installers are learning as well as installing and fixing.”

You mentioned that you like building products. Give me an example of some that you imported.

created a lot of custom shapes. We still do mailboxes. We just don't have them on our website. We have the Cadillac of mailboxes.

“They come in from Belgium and are super-heavy, stainless steel. You just feel the weight when you open the top. They retail for about \$950. I wasn't afraid of the technical side of it because, before I started my business, I worked about 10 years in high-tech sales. I worked first in hardware, in circuit boards, and then in software on some networking software systems. I'll never know things as well as a real technical person, but I always knew there was that middle road, which is you understand a lot of it, and then you have to convert it to layman's terms.

“It wasn't so much that I wanted to own a company. I really saw an opportunity. I wanted some income. I wanted the

“One thing I did do that helped me a lot is to buy code books, such as the national building codes and local codes, because I found a lot of times the inspectors would say no to our Vision fireplace. It had an open front. I would have to show them in the code book that screens were required if it was a wood-burning fireplace, and then I would work with OMNI and we would write a letter to explain why it meets the ANSI standards, and there is nothing in the code book that forbids it.”

You mentioned the Vision fireplace. Was that the first one you brought in?

Markham: “Yes. It wasn't so much that we brought it in. We licensed the design from Gavin Scott. He is an English designer. We are the manufacturer. We do the drawings. We maintain the listing. We order in quantity. That is how it has worked with Vision. But sales of the Vision have tapered off for us. It's a B-vent and we sell very few of them. What's selling is our H Series, and that is a linear vent-free.

“I know, you probably don't care for vent-free. But we worked with Derik Andors (Ferguson, Andors & Co.), and we brought some into our house. There was no smell, and no water running down the walls, and we've had no problems at all with them. But the goal is for it to look good. I don't want to sell something that doesn't look good, and that, of course, is safe.

“I saw Vancouver was going toward Zero Net – this goes back a couple of years – and I thought, wow, we've got to make sure we've got something if cities go in that direction.”

There are many people in the industry who think that the future will be electric fireplaces. Now there are locales in Canada and the U.S. that won't even let a gas line be put into new developments, and, for decades now, wood has been banned in a number of areas. So there is not going to be a lot of choices left but electric.

Markham: “It certainly is a lower cost. We had a woman who came in the other day just looking for ideas, but she needs four fireplaces for her house. The decisions she had to make, and where to vent and what to do, overwhelmed her. An



John and Holly Markham share a laugh in their showroom.

Markham: “There is a brand of recycled, solid-surface material that's called Durat. We were the importer. I guess you could compare it to Corian. It's very architectural. It's technical, because I find that working with architects, things get technical very quickly, and we have to work with fabricators. We imported the sheets and

flexibility of working from home, and I gravitated to building materials. I think that is how people find people in the fireplace industry. Most people don't come to you with knowledge of fireplaces. I guess I just said, OK, I'll give this a shot. It wasn't that I loved the technical side. It was more that I was willing to learn.

electric was a nice option for her because she would get a good-looking fireplace (without any hassle). It also fits the need for when you're not able to make a huge investment, but you want something warm and cozy in a gathering area."

What about Pat Moynihan at SÓLAS? Are you still working with him?

Markham: "Yes, he makes our H Series. That's our vent-free units. We order a lot from him. He's a great guy. His son David is really coming up to speed."

How many employees do you have?

Markham: "We have 12 full-time employees."

Markham: "No. It's never the right fit. They might have a similar product, or the percent commission they would need is really too much for us. I'm envious of a company that can use reps successfully. We did have one rep, and we were paying either 8% or 10%. We thought it would be better to sell less and make something than be trying to do a big volume and have nothing left. We never found the right rep for the right margin."

"We're making more of an effort to get out and visit our dealers. Right now, for example, my husband, John, and Kevin Simpson, who is one of our sales reps, are doing a pass-through on Truckee, California, Sacramento, and going up to Idaho; I had just done Tucson and Vegas. As long as dealers know that when they need

Markham: "The gas products are all made by European Home in the United States. With the electrics, European Home is the manufacturer and the importer. Element 4 comes in as a completely finished product."

Focus is certainly the same, correct?

Markham: "Yes, that's right. It comes in finished and Focus is made to order, whereas Element 4 we stock and so we ship from our stock."

Are you still purchasing Gavin Scott's designs?

Markham: "We license the designs from him, and we manufacture them



View from the entrance of the showroom, along a corridor of contemporary fireplaces.

Tell me how you go to market, dealer-direct, distribution? What do you use?

Markham: "We are just dealer-direct."

Smart lady, so you must have reps?

Markham: "Believe it or not, we do not."

Really?

something, you're there. You need a part — Boom! it's going out the door. Then dealers get some training, and then yearly or twice a year visits from us. That seems to be okay."

Let me sort something out here. Is Pat Moynihan the only company making product for you in terms of your designs, and then you have Gavin Scott's designs, and, of course, Element 4 and Focus Fires.

through Pat Moynihan at SÓLAS. I pay Scott a royalty based on how many we sell, but it was Bob Ferguson's company that kept the aesthetics, but redesigned the burner and the box to meet code, and then Pat manufactured it.

"We want to communicate that we are the company, but we are also a brand, and then there are other brands that we import."

Got it. (Now we're looking at the European Home site.)

I see two outdoor products under the European Home brand. Are those the only two outdoor products you have?

Markham: "Under the European Home brand yes. Focus also has some outdoor fireplaces."

Talk to me a bit about the Element 4 line.

Markham: "Yes, it is one of the leaders in Europe for direct-vent fireplaces. They have really pushed the design. An Element 4 product was a Vesta Awards finalist a few years ago. Look at the fireplace called Summum. You probably won't like the name, but the product is great."

"What is unique about it is it has a really cool burner and that is what I love about Element 4. They are always being innovative with burner systems, so this has what we call a real log burner, and it looks like the flame is wrapping around the bark of the log."

"What I really appreciate about Element 4 is that, instead of doing a heat dump, they have sophisticated burners and so you get a really big Btu range. Summum has a range of 13,000 to 50,000. I wish more companies would do that instead of encouraging people to send the heat outside; it's a waste of energy."

In which areas of the country do your products sell best?

Markham: "They sell best on the East Coast. We still do a good amount of business throughout the country and in Canada, but I think we're here on the East Coast and dealers have that comfort level, and I suppose we probably visit them more. I would say 30% of our business is on the East Coast."

Which brand is your best seller?

Markham: "The best seller is Element 4; that's because it's a wonderful brand,

but also because of its direct-vent fire. Focus does a good business. I don't know the percentage it makes up, but it is very steady. It is just a more unique product, so it really grabs that upper 1% where they are doing a home all in glass and looking for something incredibly unique. It certainly gets us talking to leading architects. It's interesting that Focus sales are at least 30% on the East Coast. But it is selling everywhere. We are selling into almost every state."

Which product is your best seller in the Element 4 line?

Markham: "It's called the Lucius. It's a peninsula-style direct-vent. So you've got three corners of glass."

The peninsulas and islands were all the rage going way back before you entered the industry, and then it died out. It's people like you and Spartherm who are bringing them back. Which of your brands have wood fireplaces?

Markham: "The only brand is Focus, where we can burn wood."

Is the Focus wood product ready for 2020?

Markham: "No. The models we're selling today were designed in the '60s so they are iconic, but Focus is now in development for some product that will have the EPA Phase 2 approvals. Right now we're not selling those. So we will be a little bit behind that requirement. But we are actually selling quite a bit of Focus with gas, a gas conversion kit."

How many dealers do you have?

Markham: "We have 95 displaying dealers, and 45 who are active with us but don't yet have a display."

What is your forecast for your business in 2020?

Markham: "We are forecasting moderate growth, because there is still a lot of confidence in the economy, although I do hear people say they feel like it's going to slow down."



From the Element 4 line of products, the Sky T makes an elegant entrance to this sophisticated home.

VIEWS ALL AROUND

TVERRFJELLHYTTA - NORWEGIAN WILD REINDEER CENTRE PAVILION.
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Norway is perhaps best known for its coastal fjords, but the northern landscape has much to offer in its interior as well. Architecture firm Snøhetta took the opportunity to design a robust but low-impact building for visitors to immerse themselves in the Dovre Mountain plateau, home to musk oxen, arctic foxes, and reindeer herds that roam amid a rich variety of plants and wonderful views.

The pavilion is elemental in its use of a steel skin, glass walls, and an extraordinary wood core. A bank of windows overlooks the Snøhetta Mountain from Tverrfjeller, a plateau at the elevation of 1,200 meters (3,937 feet).

The robust organic quality of the wall was achieved by cutting large wooden beams on a CNC machine. The 25-cm square beams were then stacked and secured with wooden pegs to create the undulating effect. The wall looks as though it is deeply weathered, eroded by eons of wind and water. A bump out provides seating next to a suspended indoor fireplace (*Gyrofokus* by *Focus Fires*), and the exterior has a similar seating arrangement.

The view from the pavilion appears ideal for watching the night sky and the plethora of wildlife, and, of course, the wildlife also have an ideal view into the pavilion.

