

Washington Business

JoAnne Schatz Combines Firm Backing With a Personal Touch

By Heather Salerno

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If you ask most Washingtonians who JoAnne Schatz is, chances are you'll get blank stares. But ask the same group about "JoAnne" from radio commercials for JoAnne's Bed & Back Shops—which saturate the airwaves—and faces will light up with recognition.

"People are always shocked—not only is there a real JoAnne, but she really works in the stores," said Schatz, 59, whose down-to-earth (some detractors say hokey) advertisements have become a kitschy part of Washington's culture, as well as helping to establish Schatz in this region as a fairy godmother to those with aching backs.

JoAnne's Bed & Back is taking advantage of the accumulating creaks and groans of aging baby boomers, as well as the hurt wrists, backs and necks of younger consumers affected by long hours in front of computer terminals. The Beltsville-based chain, which generated \$4.3 million in revenue from five Washington area locations last year, recently expanded to include a shop in Waldorf, with additional stores in Baltimore and Severna Park scheduled to open in July.

Thanks to a \$1.25 million infusion of capital from outside investors, who also purchased half of Schatz and her husband's interest in the business for an undisclosed amount, the company plans to introduce JoAnne's stores up and down the East Coast within five years, with projected revenue of \$20 million to \$30 million.

Schatz's dream, she says, is to be the Martha Stewart of backs.

This month, Schatz moved closer to fulfilling that dream by opening four stores in the New York metropolitan area, and she said four more will be established there in the next six months. Targeting urban areas with demographics similar to Washington's, such as Philadelphia and

A LOOK AT . . .

JOANNE'S BED & BACK SHOPS

President: JoAnne Schatz

Chief executive: Ivan "Skip" Schatz

Founded: In 1977 as the Adjustable Bed Co., changed name to JoAnne's Bed & Back in 1987. "Back then I could keep in touch with every store and every client. People just knew me . . . so we decided to put my name on it."

Locations: Connecticut Avenue NW, Rockville, Beltsville, Tysons Corner, Springfield, Waldorf. Stores in Baltimore and Severna Park to open in July. Four stores in the New York metropolitan area opened this month; four more to open by year's end.

Employees: 40

Driving force behind business: "It was about survival back in the old days . . . but what really drove me in the beginning, as well as now, was helping people."



BY GERALD MARTINEAU—THE WASHINGTON POST

The president of JoAnne's is also the star of its ads.

THE WASHINGTON POST

Atlanta, the company plans to use the same business strategy implemented in this region: a homespun advertising campaign that features JoAnne telling stories about her family and favorite customers.

"We've learned what works in Washington. All our radio ads are on the same types of stations—talk radio, news, classical . . . and JoAnne's persona is something we really want to develop," said Ivan "Skip" Schatz, 60, who is chief executive of JoAnne's. The two write all of the company's commercials. About \$1 million has been budgeted this year for print and radio advertising in the New York area alone, and television ads will air in the Washington area for the first time this summer, Skip Schatz said. "We figure if it ain't broke, we shouldn't fix it," he said of the marketing strategy.

If current statistics are any indication, JoAnne's Bed & Back Shops

could be cracking the surface of a potentially lucrative retail niche. According to the Illinois-based American Academy of Orthopaedic Surgeons, about 6 million people in the United States seek medical attention for back pain each year—more complaints than for any other ailment except for colds and upper respiratory problems. Back pain also is the leading cause of disability for middle-aged Americans, as well as one of the top reasons for loss of productivity in the workplace.

"Seventy to 80 percent of Americans will experience back pain in their lifetime, which is fairly common for an industrialized nation," said Scott D. Boden, associate professor of orthopedic surgery and director of the Spine Center at Emory University in Atlanta. "It really is an epidemic, and a costly one."

Boden was careful to point out that items such as cervical pillows or

ergonomically designed chairs—the most common products he recommends to patients—help ease the symptoms of back ailments, but are not a cure. However, "very few things are," he said.

Schatz, who is president of JoAnne's, has come a long way from selling adjustable beds. Twenty years ago, when she was a divorced mother of four working for an orthopedist, she noticed that patients were having trouble finding products, such as hospital beds, that the doctor recommended to ease their back pain.

Schatz began stockpiling inventory in her garage and selling beds outside the office for a modest profit; her children and their neighborhood friends earned spending money by delivering the beds on weekends.

She opened the Adjustable Bed Co. on Bethesda Avenue in 1977; the

company changed its name to JoAnne's in 1987.

"I want to make clear, I was not a businessperson 20 years ago. I am now, but not then," Schatz said.

Today, JoAnne's products, many of which are developed by Schatz based mainly on customer feedback, range from ergonomic mattresses and office chairs to gel-like foam pillows that mold to the curvature of the neck and back.

The Schatzes say the key element to their shops' appeal is JoAnne's personal attention to her clients. Unusual for a retailer, the chain will try to manufacture an item for a customer if it is unavailable in the marketplace.

Eventually, the company hopes to stock only the JoAnne's brand name, which could be sold by other retailers. Right now, Skip Schatz says, JoAnne's products—for which the couple have trademarked the label "back-friendly"—comprise about two-thirds of the stores' inventory.

To broaden the customer base beyond the individual, "repeat" customers who make up the majority of sales, they also are aggressively targeting corporations as clients. Although JoAnne Schatz says corporate purchases are still just a small percentage of overall business—Fannie Mae and the National Institutes of Health made recent purchases—the sector constitutes a rapidly growing market for her products.

Other business prospects the company may investigate, she said, are new franchise deals—there already is one franchisee with two stores in St. Louis—and a public stock offering once revenue hits the \$20 million mark, which is expected to be in about five years.

But regardless of the company's future direction, Schatz hopes always to be involved in the business she built from scratch.

"Even if I live to be in my eighties, God willing, I'd always like to be available for consulting," she said. "I truly love what I do." ■