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# Crafting a Future: Middle East Furniture Manufacturer

Teodoro J. Gervoso Jr., the owner of Middle East Furniture Manufacturer, looked up from the bookshelf that he was building and sanding. He stood up tall, stretched his arms and took a break, surveying his workshop. His workshop had numerous furniture projects in progress, but he needed to get more customers and orders. The trouble was, he was so busy building the furniture that it was difficult to get new orders. He had to find a way to do both at once.

## Background on Middle East Furniture Manufacturer

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Teodoro J. Gervoso Jr., the owner of Middle East Furniture Manufacturer, was a craftsman in furniture, making products to order. His training started at an early age with his father, a furniture carpenter. Gervoso had worked as carpenter in a wood furnishing company in Manila, and then for 16 years in Saudi Arabia at a furniture company, where he extensively used modern furniture machines and equipment. His work in Saudi Arabia enabled him to send his children to college. After their graduation, he returned back in the Philippines.<sup>1</sup>

In 2004, Gervoso established his own business, Middle East Furniture Manufacturer (MEFM), to supply quality panel doors, beds, dining sets, wood tiles, and many other wooden products that were highly customized to the buyer's specifications. The company had a good reputation among its customers as being a supplier of quality furniture that was guaranteed against defect in workmanship and materials.<sup>2</sup>

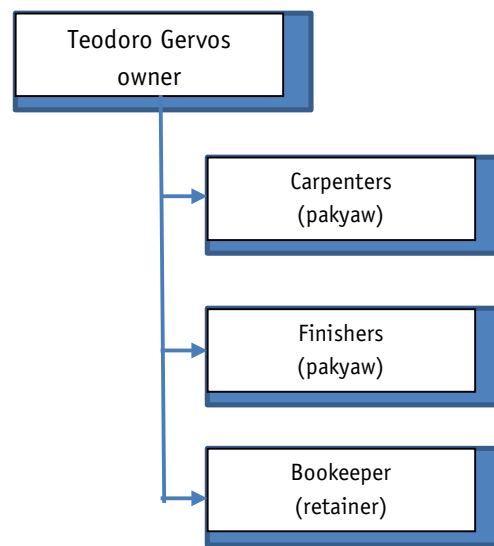
His workshop faced the National Highway. (See Exhibit 1 for photographs of Gervoso's business.)

### Organizational Structure

Gervoso lacked a formal education but compensated for that with his vast practical experience. He likened his management style to that of a father in a family.<sup>3</sup> He was a Filipino manager "by oido"<sup>i</sup> (by ear), so the needs of the family as a group were more important than the needs of any individual family member. His style combined personalism (the emphasis Filipinos give to interpersonal relations or face-to-face encounters) and emotionalism (the tendency to display emotion freely or to rely on or place too much value on emotion).<sup>4</sup>

His workforce comprised eight regular workers and one contactor, the bookkeeper, who handled payment/filing of income tax and business permits only. (See Figure 1) The company's estimated revenue was PHP1,900,000 (USD38,199)<sup>ii</sup> in 2016.<sup>5</sup>

**Figure 1**  
**Organizational Structure of Middle East Furniture Manufacturer**



Source: Interview with Teodoro J. Gervoso Jr., on November 23, 2016

### Production System

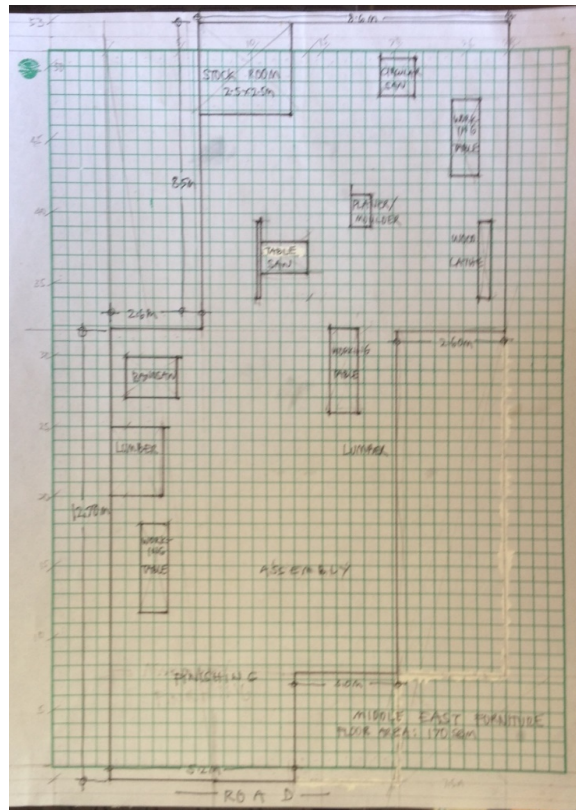
MEFM used a job order production system for each order received from the customers. *Job order production* was the process of manufacturing custom or unique products for specific customers. Sometimes job order production was also called *job order manufacturing* or *custom production* because each order or job was a customize order placed by the customer. Most of the time, custom jobs were only produced once.

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<sup>i</sup> "By oido" means "by ear"

<sup>ii</sup> Conversion is based on 1 USD = 49.53 PHP conversion rate on December 14, 2016 from <http://www.xe.com/currencyconverter/convert/?From=USD&To=PHP>

**Figure 2**  
**Production location and layout**



Source: Interview with Teodoro J. Gervoso Jr., on November 23, 2016

### Production Facilities/Equipment

At MEFM, all lumber purchases were lumped in one place for seasoning/drying for three to six months, unarranged. From this pile, any lumber needed for production was taken. Any piece of lumber that was mis-cut during the sawing process was also put into a pile, also unarranged. No inventory count was done on lumber and other semi-processed materials.

Below is a list of the equipment MEFM had:

Circular saw, 3hp,	1 unit
Band saw, 2hp	2 units
Thickness Planer/moulder, 2hp	1 unit
Compressor, 2hp	2 units
Portable planer	4 units
Router	2 units
Miter saw	2 units
Portable saw	2 units
Wood lathe	1 unit
Working bench	3 units

MEFM's total working area (partly cemented flooring, bamboo structure, galvanized iron roofing) was approximately 170 square meters.

### **Sales and Marketing**

MEFM prided itself on guarantee the quality of its materials and workmanship of its products. Customers specified a design, and Gervoso suggested revisions as necessary. Customers supplied the lumber.

MEFM's primary customers were the people and businesses in the municipality, with few coming from nearby places. The company priced its products higher relative to the commercially available furniture in malls. The higher price enabled the company to differentiate itself as a producer of quality products with product warranty against defects in materials and workmanship. MEFM held no sales nor made any promotions efforts to entice the market to buy from the company, except through word of mouth and walk-in customers.

### **What to Do?**

As Gervoso looked around his workshop and out on the National Highway beyond it, he wondered what steps he could take to improve his business. His costs were high compared to commercially-produced furniture, but his products were custom and guaranteed. He'd have to think some more about what to do, but he needed to finish the customer order by tomorrow.

**Exhibit 1**  
**Photographs of MEFM Workshop**



Source: Author's photographs, November 23, 2016

## Endnotes

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1 Interview with Teodoro J. Gervoso Jr., on November 23, 2016

2 Ibid.

3 Ibid.

4 Jocano, F. Landa, *Filipino Value System: A Cultural System*. Quezon City: Punlad Research House, 1997.

5 Interview with Teodoro J. Gervoso Jr., on November 23, 2016