

PORTLAND BUSINESS JOURNAL

How to shed bedbugs and make \$1M

CENTRAL CITY CONCERN TURNED A PEST PROBLEM INTO A BUSINESS OPPORTUNITY

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Central City Concern wants to shelter people, not bedbugs.

The Portland nonprofit is working with a Clackamas manufacturer on an invention that trimmed its own bedbug problem and led to an unexpected new business line with the potential to generate millions in sales.

Central City Concern, which provides housing and services to the region's most at-risk residents, teamed with Pesznecker Brothers Inc. to design what it calls "The Central City Bed." The bedbug-resistant bed curbed the housing agency's bedbug issues and attracted orders from affordable housing agencies in nine states eager to solve their own challenges.

To date, Central City and Clackamas-based manufacturer Pesznecker Bros. have sold about 2,000 beds plus associated furniture. With just word-of-mouth marketing driving interest, gross sales total \$926,000.

Spreading the word

Central City and Pesznecker are graduating from word-of-mouth to a formal campaign to sell its furniture to universities, summer camps, fire stations and other institutions that need sturdy, bedbug-resistant furnishings.

"There's still a very untouched market, but there's tons of opportunity right where we are," said Clayton Cooper, Central City's director of social enterprises and employment services.

Central City's bedbug problem peaked in 2008 and 2009, when it took a team of six pest control workers to keep bedbugs at bay at its 26 properties and roughly 1,600 housing units.



Clay Cooper and Sarah Porter of Central City Concern stand with the bedbug-proof beds made by Clackamas-based Pesznecker Bros. that have so far brought in more than \$900,000 in sales. The nonprofit is looking to expand sales of the Central City Bed. "There's still a very untouched market," Cooper said.

The issue came to a head as Central City prepared to open Madrona Studios, a 176-unit, 220-bed property in 2010 near the Rose Quarter on North Weidler Street.

No one wanted bedbugs invading its pristine units.

Central City turned to Pesznecker, its long-time metal fabrication partner.

The Central City Bed is a powder-coated metal frame with a grill instead of box springs and no tubes or unsealed seams. It has no nooks or crannies where bedbugs can hide; its splayed legs keep it from butting up against walls – another way to keep the unwelcome pests from migrating onto beds and bedding.

The U.S. Patent Office granted a patent in July.

Acting as distributor, Central City Concern has sold Central City Beds along with 550 side tables and 1,000 mattresses with reinforced seams to fellow shelter agencies that hear about it through the grapevine and at industry trade shows.

Business borne from necessity

Sarah Porter, the organization's

social enterprise program manager, describes the foray into the bedbug business as an example of necessity mothering invention.

Central City was devoting too many resources to pest control. Infested beds and furniture had to be tossed – which rankled employees.

"It killed them to throw away furniture. On this new building, we didn't want to do that," she said.

From its debut at Madrona Studios, the Central City Bed quickly found a home at units managed by Home Forward, Portland's housing authority, and other nonprofits serving the homeless and low-income residents.

"That got noticed," said spokeswoman Kathy Pape.

Word quickly spread and orders flowed from a growing list of states – Maine, Connecticut, Delaware, Colorado and Alaska.

Many beneficiaries

Cooper said any profits from Central City Bed sales will support employment services for its clients. He called it a great opportunity for the agency to diversify its revenue source-

► CLOSER LOOK

Company: Central City Concern

Executive Director: Ed Blackburn

Operating budget (2013): \$53 million

Primary revenue source: Service fees

Mission: provide housing and resources for homeless and low-income families

Units operated: 1,600

On the web: Bit.ly/1rF1e4u

es. Central City's \$42 million-plus in annual expenditures depends heavily on program fees and, to a lesser degree, on donations and grants.

The work has led to a nice bump in business for the designer and manufacturer as well.

Dave Brown, senior project manager at Pesznecker Brothers, is co-patent holder on the design.

Brown said producing beds helps lower the privately held company's overhead expenses. But the bigger payback is making a difference for people who sleep on them.

"They're helping people who get to sleep in a bedbug free bed," he said.

The bed is having a positive impact at Central City as well.

Jon Bailey, Central City lead pest control worker, is now the sole person working on the issue and much of his time is spent on prevention.

There's a lot of fear and even PTSD-like behavior around bedbugs, Pape said. Once infested, people can continue to believe that there are bedbugs in their rooms. As a result, Central City Concern does a lot of preventative spraying as extra assurance for people, she said.