

OfficeMax founder getting back in the retail game

By rmezger

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OfficeMax Inc. founder Michael Feuer is back with another big idea, and this one has nothing to do with office supplies.

He and his business partner, Jared Florian, plan to create a chain of healthy living stores to capitalize on the fact that Americans are living longer, staying more active, taking better care of themselves -- and, yes, getting older.

Called Max-Wellness LLC, the stores will carry a range of products to salve, bandage or treat what ails you, from vitamins and supplements to walkers and exercise balls. In-store pharmacies will be run by a third party.

Feuer said his stores will offer more selection, better customer service and one-stop shopping convenience in a dignified and private setting.

"OfficeMax is what I did, not who I am," Feuer said. "All along, I've been looking for the next great retail concept.

"I'm a big believer in low-hanging fruit, giving people something before they know they want it. I did it before and I want to see if I can do it again."

Feuer, 63, started OfficeMax in 1988 with \$20,000 in borrowed money. From a single store in Mayfield, OfficeMax grew into the nation's third-largest office supply chain with 970 stores and \$5 billion in sales. Boise Cascade Corp. bought OfficeMax in 2003 for nearly \$1.5 billion in cash and stock.

Florian, 58, the Hudson founder and owner of Universal Screen Arts Inc., an umbrella firm for six mail-order catalog and Internet companies, said he's been following Feuer's career for nearly 20 years and couldn't have asked for a better business partner.

"I think he is a very, very smart, energetic and visionary business person," he said. "He doesn't suffer fools."

Feuer said that after selling OfficeMax, he vowed he would do business only with people he liked and trusted. "Jared scored positive on both counts."

Until now, Feuer was prevented from publicly discussing another retail idea by a non-compete agreement with Boise Cascade. And he concedes that the more than \$50 million he got in "consulting fees" from Boise Cascade more than compensated him for his silence.

In addition to running Max-Ventures LLC, a Mayfield Heights venture capital operating and consulting firm specializing in retail and consumer products, Feuer also writes a column for Smart Business magazine and commands \$25,000 for speaking engagements nationwide.

Marvin Fong/The Plain Dealer

Creating and selling OfficeMax Inc. left Michael Feuer a multimillionaire. Now he is anxious to launch Max-Wellness, his newest retail venture. "I always want to be in the game," he said. "Money is sometimes just a way to keep score."

About Max-Wellness

Co-founders, Co-CEOs:
Michael Feuer, Jared Florian

Concept: A one-stop shop for products promoting health and wellness -- vitamins and herbal remedies, walkers and incontinence products, yoga mats and exercise balls. Unlike traditional drug stores, which also sell candy, beer, beauty products and snack foods, Max-



But starting Dec. 9, when the non-compete agreement expires, his tongue will no longer be tied. And Feuer can't wait to get back in the game. This time, though, he and Florian are financing the venture on their own and don't want investors.

They have already scoped out potential store locations in Greater Cleveland and near Naples and Fort Myers on Florida's West Coast, where the two also have homes. They won't provide specific locations until all the leases are signed. They expect to open the first four concept stores in the first half of next year and to develop a national chain by 2012.

Creating something targeted to baby boomers made sense to Feuer because boomers are redefining what it means to grow old.

"Sixty is the new 40, 50 is the new 30, and 30 is the new 20," Feuer said. "People do not want to live the same lives their parents lived."

Florian pictures Max-Wellness as "superstores for health and wellness products, without being the size of a superstore."

But just because Feuer's name is on the company letterhead doesn't mean his ideas are automatically home runs.

He is banking on his OfficeMax experience and reputation to help him build another retail chain from scratch. "I have all the scars on my back from having done it before," he said, and this time, he hopes to avoid the mistakes he made with OfficeMax.

He chose the name "OfficeMax" as shorthand for what he said he wanted to stand for: "Maximum service, maximum savings and maximum selection."

He has put "max" in the name of every business since, from the CopyMax departments inside OfficeMax to PsyMax Solutions LLC, a human resources firm.

But some remain skeptical.

"The real question is, 'Why would somebody go into one of those stores instead of to a drugstore?' " said Robert Antall, a Cleveland retail consultant and chief executive of the LakeWest Group LLC.

"The target is right, but for this to be successful, he has to differentiate himself from those stores. Knowing him, I'm sure he would only do this if he could do this in a big way."

Karen Houser, director of home health care for Discount Drug Mart Inc. in Medina, said the durable medical equipment industry that Feuer wants to revolutionize has a number of different challenges from the cash-based office supply stores he used to run.

The DME industry has been dominated by local mom-and-pop operators, and major chains such as Wal-Mart, Target and Walgreens have not had much success infiltrating it because of all the Medicare regulations, insurance and other billing headaches, she said.

Discount Drug Mart, with 68 stores in Ohio, has found success with a "middle-of-the-road" approach that includes being sized between Walgreens and Wal-Mart, and carrying home health care items, groceries, seasonal merchandise and other non-traditional items.

On the other hand, "if anybody can make it work, it would be him, based on his experience," Houser added.

Florian said that before OfficeMax, office supply stores were dark, dingy and boring. "You really didn't go to them unless you absolutely had to get a paperclip."

Feuer transformed them into destination stores with energy, exciting new products and a shopping experience unlike anyplace else, Florian said.

"Max-Wellness will not be like anything people have seen before because there has never been anything like it before," Feuer said. "We're starting with a blank piece of paper."

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