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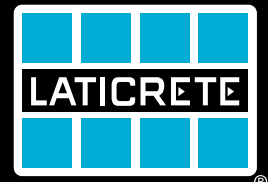


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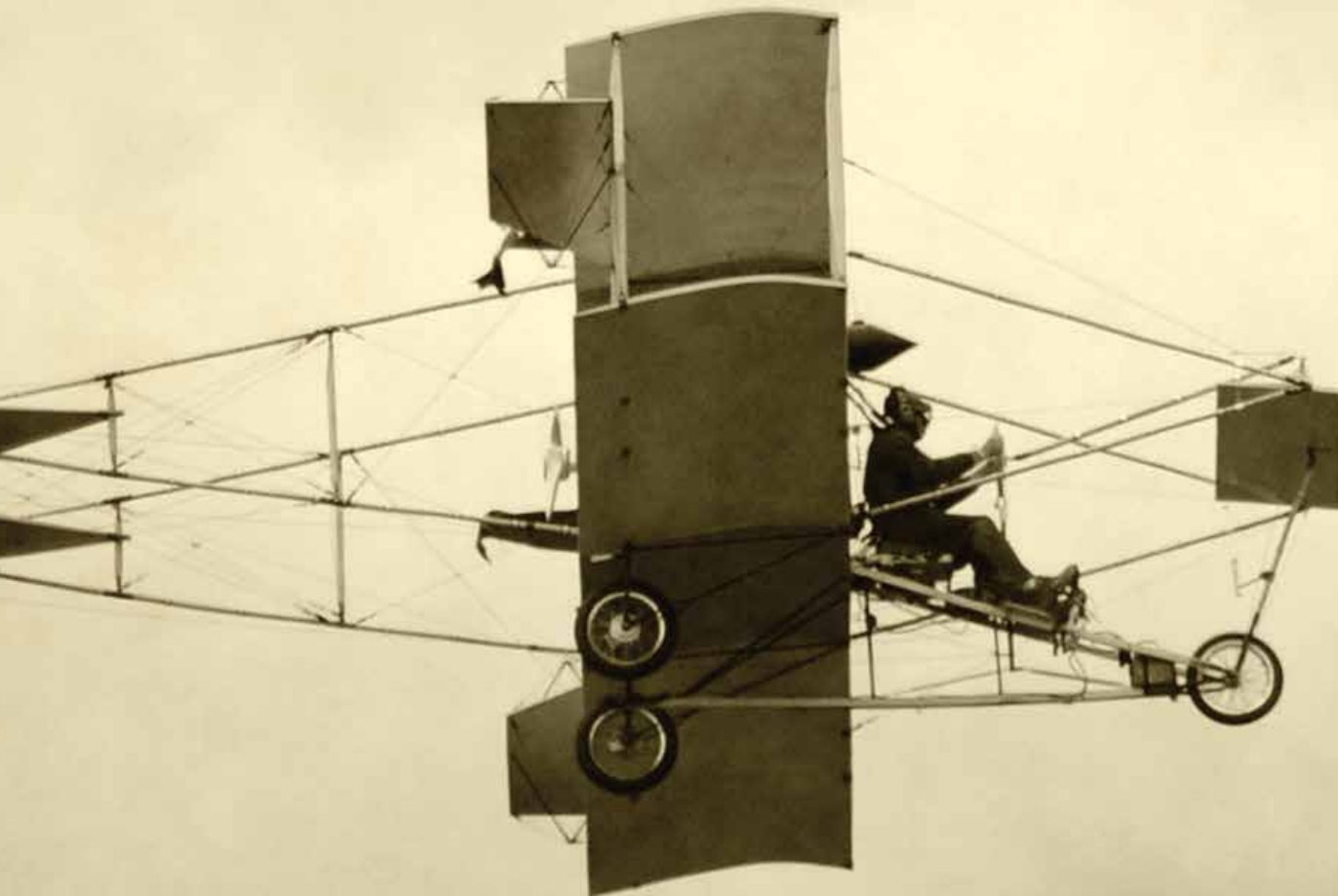
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Q & A with Mohawk's Jeff Lorberbaum

30

Mohawk's Jeff Lorberbaum offers PFR's readers insight into the company's recent IVC acquisition, Mohawk's benefits for retailers, trends for 2016, and more.

Installation Crisis Requires a Unified Approach 6
Scott Humphrey, WFCAs CEO, stresses that some industry issues require a unified approach.

Where's the Owner's Manual? 8
The price of ignoring problematic areas of a business is usually far greater than the cost of repair, advises WFCAs VP of professional development Tom Jennings.

Secret Shopper Results, Part IV 12
David Romano, founder/owner of Benchmarkinc, and the WFCAs reveal the final installation on the quote and follow-up portion of the exclusive four-part Secret Shopper series.

Residential Design Trends: 2016-2017 18
Design trends for 2016 and 2017 feature individual expression at home and in the work environment, says columnist Annette M. Callari, Allied ASID, Chair Holder CMG.

LVT Continues Growth; Installation, Online Issues Top Concerns 22
The results of the Q3 2015 Members Market Trend Survey are in. PFR's Arpi Nalbandian breaks down the findings.

Asbestos and Lead Paint is Still Around: Ignore at Your Own Risk 32
Jeff King, WFCAs general counsel, advises retailer compliance with asbestos and lead paint requirements.

DEPARTMENTS

How to Become a New WFCAs Member 27

New Product Showcase 38
New products to see at TISE West/Surfaces!

Someone Will Succeed This Year. Why Not You? 42
Achieving your dreams in 2016 is possible if you follow the steps laid out by Scott Humphrey in the D.R.E.A.M. acronym.

fcB2B & Your Company's Future 44
Pamela Bowe, The Bowe Company, reviews current features of fcB2B and offers a glimpse of those to come.

Determine Your Marketing (Ad) Budget, Part 2 46
Josh McGinnis, owner, Unlock Your Biz, says the only way to succeed in today's socially connected marketplace is to engage, attract, and retain customers through online marketing.

Listen Your Way to More Sales 32
Some salespeople have become great at asking questions, but often fail to learn to listen. Columnist Michael Vickers, executive director of Summit Learning Systems explains.

Do You Charge for Installation Based on Total Square Feet of Flooring Sold? 50
Lowe's failure to disclose the basis of its installation charges serves as a reminder to fully inform your customers how costs are calculated, says Jeff King, WFCAs general counsel.

Embracing the Team Mindset 52
For achieving success, Dr. Stan Beecham stresses the importance of having a unified goal within a company. He offers six steps that are critical to achieving teamwork.

ON THE COVER

Jeffrey Lorberbaum, Chairman and Chief Executive Officer of Calhoun, Georgia-based Mohawk Industries, is featured this issue to honor his parents Alan and Shirley Lorberbaum, both inductees to the WFCAs Hall of Fame. In a Q & A beginning on page 30, Jeff shares his thoughts on the upcoming year.

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The Installation Crisis Requires a Unified Approach

By Scott Humphrey, CEO, World Floor Covering Association

In recent years, I have heard several executives speak on the necessity of building a moat around their businesses. They have vividly described their business as the castle and portrayed the moat as their defense against the enemy. Their point is that they need to protect anything that provides a competitive advantage. I couldn't agree more. The fact is there are areas that require us to maintain some isolation, but there is a reason that castles have drawbridges. Independence is one thing, but isolation is quite another. We must realize there are some industry issues that require a unified approach. These challenges are bigger than any one of us and so large that if not addressed, each of us will be severely impacted.

Ten years ago, there were well over 15,000 independent flooring dealers. Today, less than 10,000 remain. Some of this decrease stems from natural attrition; survival of the fittest. Still, there are other factors that are impacting the demise of the independent flooring dealer:

1. The rise of the Big Box store has seen their market share grow while the numbers of independent flooring retailers has continued to decrease. The seemingly limitless marketing dollars and ad campaigns of the Big Box stores has changed the way consumers purchase. They have also successfully reduced the importance and value of professional installation.
2. Internet-only sellers have continued to use their unfair tax advantage to negatively impact brick and mortar flooring stores.
3. The Great Recession further impacted those who were fighting year-to-year for survival. As housing goes, so goes the industry.
4. Government regulations continue to create unnecessary burdens on small businesses. The recent Department of Labor interpretation of the Independent Contractor should concern the entire industry. (See *PFR* September/October 2015 issue)
5. The general shortage of skilled labor in the installation field. This is seen by most as the biggest challenge facing our industry. Without success in solving this shortage it can lead one to want to throw their hands up and surrender. In fact, many have.

At surface level, it could seem that these challenges are just too big to conquer. To that premise I would simply ask, *Ever heard the story of a shepherd named David and a warrior named Goliath? Or the saying, The bigger they are, the harder they fall?* My point is challenges that seem too big to handle alone can be conquered when we form the right alliances. Nature provides a great example. It is not by coincidence that small fish swim in schools. By joining together, they appear as one



“Independence is one thing, but isolation is quite another. We must realize there are **some industry issues** that **require a unified approach.**”

large predator against any likely foe. That approach is essential for the industry's future success as well.

This industry has talked around the issue of installation for years. Everyone acknowledges the problem yet very few seek to address it. Those who did attempt to solve the problem often did so alone. But this crisis is bigger than any single entity. In order to address and overcome this challenge, we must all band together: manufacturers, distributors, retailers, installers, certification bodies, associations, trade press, etc... to determine and facilitate the best solution.

This is why the World Floor Covering Association (WFCA) agreed to purchase key assets of the International Certified Flooring Installers (CFI) (See *Premier Flooring Retailer*, Sept./Oct. 2015 issue). Our purpose statement spells out our reason for existing: "To ensure the success and profitability of the professional flooring dealer, and to represent their common interest." Because we see the professional flooring dealer as the hub of our industry, with their success impacting all others, we are determined to identify any issue that negatively impacts their success and address it. No issue has greater potential to impact professional flooring dealers and the industry as a whole than the shortage of skilled labor.

Tackling this opportunity will be difficult. Rest assured we did not choose this challenge believing it would be easy. We chose it because it fulfills our purpose statement and it is the right thing to do! Still, we are aware that success in this endeavor does not lie simply with the WFCA. In order to slay this giant, it will take all of us working together. As we go into 2016, I would ask that you join with us. If you are not a member, please become one. If you are a member, be engaged in this battle for the future of the professional flooring dealer and all who rely on their success. Together we can tackle this issue, but it will require us lowering the drawbridge and crossing the moat. I look forward to your email saying you are onboard and willing to fight alongside all others who are committed to the future of the flooring industry.

Check out my article on page 42 for advice on making 2016 your best yet! ○



Scott Humphrey
Scott Humphrey
 CEO, WFCA

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Where's the Owner's Manual?

By Tom Jennings, World Floor Covering Association, VP of Professional Development



Remember, the **customer will always buy** what she is interested in buying – whether you're prepared to sell it to her, or not.

As I visit with flooring dealers around the country, I often hear the lament “Our business isn’t what it used to be.” Often, this statement is made in reference to sales volume. I then wonder if this statement isn’t telling of a deeper problem that many existing businesses face: they simply aren’t functioning internally as well as they once did.

There is a country saying that you *need to fix what needs fixing!* While this may seem to be obvious, how often do we see the consequences of poor maintenance? When we fail to perform routine automobile service, should we be surprised to find ourselves eventually facing costly repairs? The same logic can be applied to the house that we live in – even to our personal relationships. Most things seem to take care of us in the manner that we take care of them.

Every business has elements that need fixing. Some are badly broken, while some are just a little out of tune – but out of tune nonetheless. Since most of our businesses have finally experienced an upswing of in-store traffic, this may be an excellent time for a tune-up to take full advantage of greater opportunities than we have seen for several years.

What needs fixing in your business? Do you have policies or procedures that once worked well but may have become somewhat antiquated? How about procedures that may be causing internal difficulties for your staff? Such policies can only have negative impacts on your customers. Technology can be a wonderful tool. Perhaps it’s time to revisit the flow of a customer’s order through your business.

Do you have an employee who is more detrimental than beneficial to the overall health of your business? You know the type. Rules and changes are always unnecessary and for the less tenured. They insist on living in the past and refuse to embrace new techniques, resulting in customers thinking that your entire operation has fallen behind the times. Worse yet, too often their actions and comments tend to minimize those around them who are embracing current practices, resulting in a divisive attitude among staff members. Sound familiar? **Do you really think that increased volume is going to solve such problems?** It never did for me – I doubt that it will for you either. Fix it now!

Do you have a product category that is not producing the results it once did? Is there a product category that is growing at a much faster pace elsewhere (think green!) than it is at your store? Perhaps your store’s showroom displays are out of balance with the realities of today’s market. **Do your store’s offerings mirror the current sales percentages and trends of**

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Selling & Installation

Where's the Owner's Manual?, Continued

the industry? Remember, the customer will always buy what she is interested in buying – whether you're prepared to sell it to her, or not.

Have you significantly changed the way you advertise and promote recently? If not, you should. Buying television airtime, or placing an ad in the newspaper, simply doesn't have the impact with today's buying public it once did. For many store owners, this represents a significant paradigm shift that is too often put off for another day. Doing so will only be detrimental to your success. Help is available. Seek it today!

The list of items that may need attention is long and varied. Areas to consider include: inventory levels, store hours, website content, staff size, store location, staff training, receivables, marketing budget, installation services, etc. You will need to assess the needs for your individual business.

Unfortunately, businesses do not have an owner's manual in the glove box to advise you what service to perform at a given interval. However, being a member of the WFCA means that you won't have to figure out the answers all by yourself. The WFCA has many subject experts who can walk you through exciting new programs designed specifically to help your business compete more effectively, and profitably, in today's marketplace.

Some of the association's experts include: Stacy Eickhoff, insurance; Jeff King, legal issues; David Romano, personnel and HR/acquisitions/financial management; Michael Vickers, sales training; and Robert Varden, installation.

The best time to give your business the tune-up it needs is now! Problems just never seem to fix themselves. The eventual price of ignoring problematic areas of a business is usually far greater than the cost of repair. If you have areas of your business that aren't what they used to be, fix them before they have the chance to break completely. Put the power of your membership in the WFCA to work for you. ○

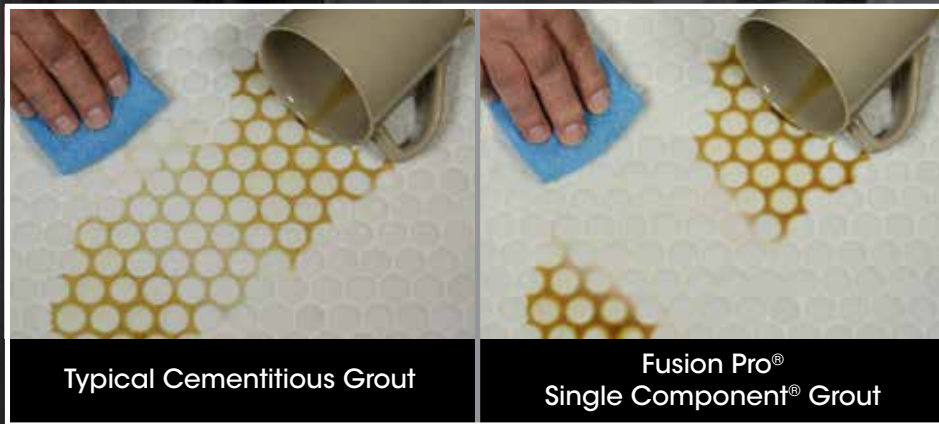


ABOUT THE AUTHOR

Tom Jennings is a lifelong member of the flooring business. Since selling his family's retail business in 2006, he has served the industry as an educator and speaker. He is a past-board chairman of the WFCA and is currently the board chairman of WFCA Services, Inc. and WFCA vice president of professional development. He may be reached at tjennings@wfca.org.

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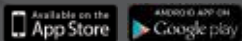


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TILE INSTALLATION SYSTEMS

Secret Shopper: Quote/Follow-Up Section, Part IV

By David Romano, Founder and Owner, Benchmarkinc

Editor's Note: *This is the final installment of a four-part series presenting the results of a Secret Shopper case study going through the four steps of the flooring purchase process at 108 flooring stores, including independents and Big Boxes in six markets: Atlanta, Dallas, Kansas City, Los Angeles, Philadelphia and Phoenix. In each of the markets, metropolitan, suburban and rural stores were included.*

When I was young, my mother taught me not to sugarcoat difficult news. So here we go. In general, flooring retailers do a poor job when presenting quotes and following up with customers. Though this may be a hard pill to swallow, history as well as our most recent findings demonstrate the previous statement to be true.

According to a case study conducted by the World Floor Covering Association (WFCA) and Benchmarkinc in which 108 flooring stores, both Independents and Big Box, across the United States were shopped in the third and fourth quarters of 2014, shoppers rated the quote and follow-up experience a 41.4 on a 100-point scale. What some of you may find even more surprising is that the Big Box stores were rated higher than the Independents.

1. Comparative Data			
Variable	Total Average	Big Box Average	Independent Average
Quote/Follow-Up Score	41.4	45.3	39.2

One standout in this report is that for both groups, the quote/follow-up portion of the study rated well below the other areas studied. For example, the average rating for the in-home experience was nearly 60 points, whereas the in-store experience was just under 64 points.

2. Comparative Data			
Variable	Total Average	Big Box Average	Independent Average
In-Home Score	61.9	66.1	59.6
In-Store Score	61.8	58.2	63.8

Three of the shoppers said they never received a quote or call back after the measure, while many others reported they had to call the store to get their quote. How could this be? Is it the fault of the sales associates? Could it be the process? In my experience working with thousands of retailers, it is both. What many sales associates fail to understand is there is a ton of money to be made from customers that have received

quotes. If they just had better follow-up methods, that money could be in their pockets instead of their competitors. The same deficiencies are found in the management ranks where there is not a lot of importance placed in monitoring open quote reports and meeting daily with sales associates to push the sale along and get it closed.

To further this point, consider a situation which took place a couple of years ago. Benchmarkinc launched an offering titled "The Closer" because we saw a real need to help our clients close open quotes. The premise was very simple; we constructed an app that allowed a single point of contact at the store level to dump open quotes into the system, then had former flooring sales associates make calls to prospective customers in an attempt to close the sale. What sounded like a game changer turned into a bust. We experienced phenomenal results on our end when we made the calls and spoke with the potential customers; one client in particular sent our group all of his quotes and we followed up and closed them. The gut wrench was that even though we had a large influx of clients that were beyond enthusiastic about this service, when push came to shove, only a few fully participated. It was like pulling teeth to get them to enter the quotes in the system even when they were experiencing high close rates from the handful submitted. It was so frustrating that we decided as a company to mothball the offering.

The thing about sales is that getting the opportunity to sell something to someone is a privilege. It is not a burden nor is a customer a big pain in the butt. Is convincing some folks to make a purchase difficult? Heck yeah, but that is part of the job. Sending out an email or leaving a couple of messages hoping they call back just doesn't work. As you'll see later in this report, those routes are the two methods of choice for most sales associates. No wonder this is an industry with close rates in the mid to high 30s. Closing is best done in the store, one-on-one, where detailed explanations can be given for a purchase that for most is the third largest they will ever make. Closing is also a skill that must be carefully crafted and tailored for each personality type and situation.

They say if you put a good person into a bad system, the bad system wins every time. If we were to embrace that philosophy we would have to assume that the only way to improve this rating is create a quote and follow-up system that all sales associates can easily follow. Software programs like RFMS and Pacific Solutions make this task very simple and some groups like CCA Global have teamed up with Salesforce.com to create their own Client Management System. Now, if you are adverse to technology or your budget just does not call for these robust

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Secret Shopper, Continued

systems there are many manual ways to track measurements to quotes and quotes to close from basic spreadsheets, a simple filing system, to basic pad and paper.

If you don't want to take my word that consumers are clamoring for a change, then just read what they had to say about shopping at some of the independent stores. Throughout the shopping experience we asked the shoppers to supply comments about what they experienced and/or what they were feeling. Below are some comments that stood out:

- Have not received quote
- Not happy with the whole process
- Horrible. Didn't have info together to put quote together
- Bad experience; rude
- Never followed up
- Anxious to get the sale
- Took too long
- Frustrating to call for the quote
- No call was made
- Associate seemed rushed giving quote
- Efficient but impersonal
- Major difference between estimate and quote
- Pushing me to come in the store and fill out paperwork
- Poor system; estimate was late and quote was never emailed
- Incorrectly quoted; more than first quote
- Process was too quick; no info and didn't close sale
- Tried to email quote but it didn't work...
- No follow-up call
- Told to call back whenever I wanted to install
- Very heavy accent; couldn't understand at first

Pretty disheartening is that was said about Independent stores, right? The truth is the Independent stores selected for this survey were thoroughly researched and hand-picked by me. They included the cream of the crop in each market, with some being board members of their respective groups. If they receive comments like those above denying that some of your customers felt the same about your company is a bad case of the denials. Something that doesn't do you any good and in many instances only a psychologist or medicine can cure.

Here are some other very interesting findings from this portion of the survey:

- 33.9% of the shoppers were presented with a quote the same day of measure
 - 38% for the Independents
 - 27% for Big Box

When quotes were supplied the same day, the rating increased by 10 points for the Big Box store and 8 points for the Independents.

- 15% of the shoppers had to wait two or more days to receive a quote
 - 12% for the Independents
 - 22% for Big Box

When quotes took more than two days, the ratings for both groups dropped by 10%.

- 47.2% of shoppers received line item quotes while 52.8% received lump sum quotes
 - Independents – 39% line item and 61% lump sum
 - Big Box – 62% line item and 38% lump sum

Shoppers at both store types reported a preference for line item quotes. Ratings went up 9 points for the Big Box stores and 13 points for the Independents when the quotes were broken out line by line. The scores dropped 15 points for Big Box retailers and 8 points for Independents when quotes were presented lump sum.

- The mix of quote delivery types is as follows:
 - Phone – 34%
 - Email – 26.4%
 - In-person/In-store – 21%
 - In-home – 1.9%
- Only 8.4% of the shoppers were told of a price match guarantee at time of quote

When the price match guarantee policy was discussed, the rating shot up nearly 20 points for both group.

- 23.6% of the sales associates directly asked for the sale

The shoppers appreciated the practice of the sales associates asking for the sale directly. When that technique was used, the

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Secret Shopper, Continued

rating rose by 15 points for Big Box retailers and 18 points for the Independents.

What an opportunity for independent retailers to provide an experience that is far above and beyond your Big Box competitors! The overall ratings for Big Box retailers were nearly identical and if it weren't for the large gap in in-store experience, they would have scored even higher than the Independents. It is time to take notice and do something. Fire up your staff to give a superior level of service and be even more customer focused. Read "Good to Great" by Jim Collins,

study Sewell Lexus, research articles about customer service at Nordstrom and Neiman Marcus, and mirror those companies. The only way to beat your competitors is to "beat" them with something they don't do very well or don't offer. Resting on the fact that you have specialty stores with seasoned sales associates just won't cut it anymore.

Finally, stop believing your stores are so much better than Home Depot and Lowe's. This study has proven that customers don't really see much of a difference. ○



ABOUT THE AUTHOR

David Romano is founder and owner of Benchmarkinc and its predecessor, Romano Consulting Group. David's professional career spans nearly 20 years of management experience in the retail, restaurant and consulting industries. His companies have been providing consulting, benchmarking, and recruiting services for nearly a decade exclusively for the flooring and restoration industries.

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Residential Design Trends Revealed: 2016-2017

By Annette M. Callari, Allied ASID; CMG

Residential design trends have emerged for 2016 and 2017 with clarity of purpose. Individual expression at home and in the workplace leads the way in this new purposeful design. Creative expression and broader interpretation of steadfast design rules provide for more personalized environments. This non-regimentation of design brings specific sub-trends into focus, impacting floor covering products. Here are some of the new trends:

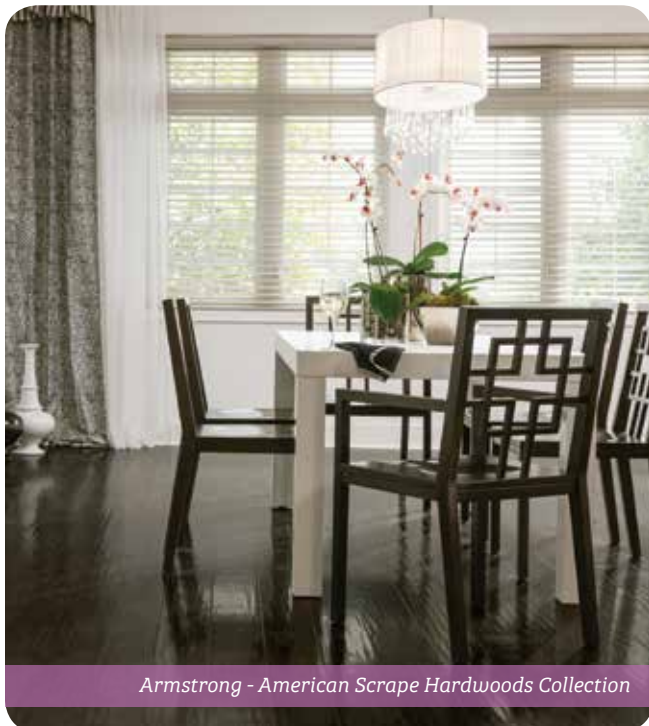
CRAFT MARRIES COUTURE

Interiors are combining earthiness with luxurious qualities. It brings us to a place of comfort without sacrificing glamour. To create a visual for you, picture high-character, hand-scraped hardwood floors as the foundation of a room, furnished in classic tuxedo-back sofas with nail head trim. Thick, luxurious, patterned area rugs add color and texture--becoming the focal points of the room.

Products that define this trend:

Armstrong American Scrape Hardwoods Collection features:

- Richly textured floors with a time-worn, vintage look
- Wide plank options in beautiful colors and a variety of wood species
- Crafted of high quality Appalachian hardwood made in USA



Flor Area Rugs: Flor makes it so easy to construct your own area rug. In the Craft Marries Couture design trend, the couture end of the spectrum is easily accomplished with a dramatic area rug. It becomes a focal point for the room, and Flor offers carpet squares to construct the most in-demand sizes (5' x 7', 8' x 10' and 10 x 12'). **Floweret** is a contemporary floral rug in bright orange and cream, constructed to look like hand embroidery. The beautiful hardwood characterizes the hand-crafted element, while the Flor area rug adds the couture element to the mix.



Emser Tile: Emser's introduction **Alchemy** is the best of both craft and couture. Alchemy is a glazed porcelain series that draws upon the urban patina look of metal. Available in two colors and two sizes, craft and couture come together in this beautiful tile.

HIGH DRAMA INTERIORS

To add drama to a room, and to make it memorable, interiors demand materials that are polar opposites. The goal is to create a visual battle that brings opposing materials together.

Continued

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Residential Design Trends, Continued



Emser - Alchemy

Softness paired with strong rigidity is a great example. Picture corrugated metal wall coverings that bring industrial glam to an interior. Add floor coverings that bring softness and warmth to the room, and you've created an elegant visual tension, both interesting and dramatic.

Products that define this trend:

Shaw's Life Happens carpet brings both softness and durability to the floor. The line includes 14 styles with a classic color palette constructed of Anso CrushResister nylon. Inherent durability in the yarn system is enhanced with the R2X Stain and Soil Resist treatment. What makes Life Happens broadloom user-friendly is a thermo-plastic backing (LifeGuard) that provides a fully waterproof barrier that prevents liquids



Shaw - Walk the Talk

from soaking into the carpet pad and subfloor. The benefits of that feature have to grab your attention. Shaw has given Life Happens a 25-year texture retention warranty which certainly conveys their confidence in this product.

What is warm underfoot, visually sensational, and made of 100% recycled leather? Torlys Leather floor tiles! The high drama design trend embraces the principle of opposites attract. Pairing luxurious broadloom next to true leather floors demonstrates exactly how to do this. **Torlys Leather tiles** (approximately 15" x 15") make expressive use of a large format tile with a beveled edge. The tile adds clean geometric elegance to distinctive leather graining. The effect is simple and refined.

Crossville's RetroActive floored me! High drama is synonymous with this style. Crossville says it's hip to be rectangular. And they are right! The RetroActive porcelain stone collection answers the industry's call for a go-anywhere style that makes rectilinear the new standard for high fashion. The simplicity of this collection begs to combine with high-texture materials. Its Cross-Sheen finish is sleek and is built to be paired with coarser finishes.

TEXTURE REIGNS

High-textured fabrics, floor coverings and particularly carpets, add luxury and superior comfort to design. I cannot emphasize enough how important texture-upon-texture has emerged as a defining trend. This may be the most important facet to successful interiors over the next few years!

Products that define this trend:

Nourison – If you are familiar with Nourison, then you know this is a mill that creates artwork-quality carpets, both broadloom and area rugs. Pattern, color, texture, line, form and shape are all components Nourison uses to create dimensional carpet art. Their line is extensive, and to single out just one or two styles is difficult, but do research at www.nourison.com for a complete tour. Check out styles Radiant Arts, Soho, Moritz and Rhapsody for a great start.

Tuftex captured the high-texture design trend with their style Super Chic, available in both broadloom and area rugs. This carpet is a highly textured, visually decadent frieze. The longer pile height adds luxury and comfort to the floor, available in 17 cozy colors.

Masland Sisal Panama area rug – Layering textures depends on varying pile heights. Let's not overlook the textural element sisals offer. Panama is a visual treat weaving light and dark

As a professional flooring retailer, you always have the option of customizing area rugs for customers. This sets you apart from the competition.

tones into a tightly checkered pattern. Sisals are a great building block in the quest for layering textures. Top it with a velvet saxony bound area rug or a thick wool rug.

As a professional flooring retailer, you always have the option of customizing area rugs for customers. This sets you apart from the competition. Consider adding a large, crocheted (hefty lace-look) area rug to any hard surface floor to create a stunning contrast in materials. You get the picture.

AUTHENTICITY IN DESIGN

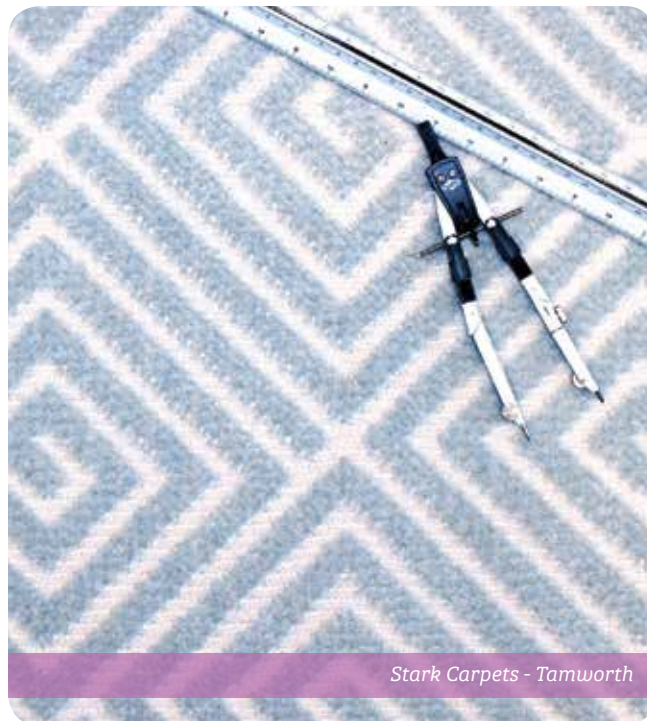
Authenticity in every aspect of our lives is important as we search for a more altruistic, simpler future. We draw from the past to spark that authenticity. For example, Native American colors and patterns will be important. Utilization of woven materials, speckled ceramics, Southwest inspired fabrics, fossil and feathered patterns, and heavier textured fabrics and floor coverings with character will prevail. Contemporizing ancient patterns and themes becomes a sub-story supporting authenticity in design. For instance, modern interpretations of Ionic, Doric and Corinthian column designs in artwork, textiles, wall coverings and floor covering designs will bring the past into our contemporary interiors.

Products that define this trend:

Karndean DesignFloors – Greek key designs, acanthus leaf borders, Ionic templates—luxury vinyl manufacturers have embraced this borrowing of classical themes in their border designs. Karndean's wood border Retro is a stylized version of a Doric column top. Bringing ancient themes into modern day luxury vinyl woods and tiles is inspired.

Stark Custom Rugs and Carpets – Quintessential Greek key design is incorporated into Stark Carpets' **Tamworth**. Authenticity and timelessness are reflected in Tamworth, offered in 100% wool in either area rug format or broadloom. The three colors in the collection are in keeping with a timeless look.

Interior design has become adventurous, still keeping with sound principles of design, but expanding into new avenues of



exploration. This is happening not only with material products, but with color and color harmonies. The amazing professionals and programs you view on HGTV make design look quite easy. With just a few sketches, CAD drawings, and clicks of a mouse — you have an award-winning home environment. I assure you it is not that easy. Many more behind-the-scenes hours are invested by these professionals (and their many assistants) to achieve the end result. Use these programs to help you visualize what you (as a flooring professional) need to learn about creating a total environment. Your customers are looking to you for help creating a cohesive design.

Also visit www.wfca.org for the features: *Designer's Corner and FloorTalk* and the latest information on design trends and how they are affecting the direction of floor covering products. Beautiful floors set the tone for the entire home. It's a natural starting point for design. With the guiding trends outlined above, 2016 promises to be a hallmark year for the role floor coverings will play in design. ○



ABOUT THE AUTHOR

Annette Callari is an interior design expert with over 20 years of residential and commercial design experience. An allied member of the American Society of Interior Designers and a Chair Holder of the Color Marketing Group International, she is the Southern California commercial sales specialist for Karndean Design Flooring.

Q3 2015 Study Reveals LVT Year-Over-Year Growth; Installation, Online Issues Top Retailer Concerns

By Arpi Nalbandian, Associate Editor

Installation and training were the hot topics of the recently completed Q3 WFCMA Members Market Trend Study. During the study cycle (July – September), the World Floor Covering Association purchased key assets of the International Certified Floorcovering Installers Association. As the WFCMA brings CFI under its umbrella, it will provide an infusion of capital to expand CFI's installation training and certification programs.

The LVT segment had the largest change in year-over-year sales comparing 2015 to 2014 with an 85% sales growth, followed by the hardwood category with a 64% sales increase.

The following information, compiled on November 17, 2015 from 160 participants is indicative of how flooring dealers across the United States and Canada are currently viewing the industry. The survey's respondents classified themselves as: flooring retailer (84%); flooring contractor (26%); installer (7%); wholesale distributor (2%); and cleaner (1%). Sixty-percent (60%) indicated they were part of a buying group, such as CarpetOne/CCA, Abbey, Big Bob's Flooring, Alliance Flooring, Flooring America, Starnet, Mohawk Color Center, Shaw Aligned Dealer, and more.

When asked to compare Q3/2014 to Q3/2015 in residential sales, 69% of respondents indicated an increase in sales, while 15% said they were down, followed by 16% that remained the same. **(See Chart 1)**



Across the residential and commercial segments, carpet produced the highest profit margin in Q3 of 2015

Milliken & Co. - Hardanger in Stamford

1. Residential Sales in Q3 2015 Compared to Q3 in 2014							
	Same	Down > 20%	Down 10% - 20%	Down 1% - 10%	Up 1% - 10%	Up 10% - 20%	Up > 20%
Q3	16%	1%	3%	11%	28%	29%	12%

For commercial sales, 56% of the panelists said sales were up, 13% said they were lower than Q3/2014, and 31% indicated sales amounts remained unchanged during the same time period. **(See Chart 2)**

2. Commercial Sales in Q3 2015 Compared to Q3 in 2014							
	Same	Down > 20%	Down 10% - 20%	Down 1% - 10%	Up 1% - 10%	Up 10% - 20%	Up > 20%
Q3	31%	3%	1%	9%	27%	13%	16%

In summarizing sales for the builder segment, 49% of panelists said sales were higher than last year, 39% reported no change, and 12% indicated sales were lower. **(See Chart 3)**

3. Builder Sales in Q3 2015 Compared to Q3 in 2014							
	Same	Down > 20%	Down 10% - 20%	Down 1% - 10%	Up 1% - 10%	Up 10% - 20%	Up > 20%
Q3	39%	1%	1%	10%	25%	14%	10%

From the information gathered, **luxury vinyl tile (LVT)** continues to hold its place as the flooring product that produces the greatest sales volume growth (48%) across the residential and commercial segments, with **carpet** producing the highest profit margin in Q3 of 2015 (54%). **(See Chart 4)**

4. Product Segment Producing the Highest Profit Margin in Q3 2015			
Carpet	Hardwood	Laminate	LVT
54%	14%	2%	14%
Resilient	Tile/Stone		Other
3%	11%		2%

Conversely, the product segment that produced the lowest profit margin in Q3/2015 due to competition/price erosion and/or increased product costs according to the respondents was hardwood with 41%, followed by tile/stone with 21%, laminate at 14%, resilient at 11%, carpet with 7%, other at 5%, and LVT at 1%. **(See Chart 5)**

Continued

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Market Study, Continued

5. Product Segment Producing the Lowest Profit Margin in Q3 2015			
Carpet	Hardwood	Laminate	LVT
7%	41%	14%	1%
Resilient	Tile/Stone		Other
11%	21%		5%

In comparing product sales by category, from Q3/2014 vs. Q3/2015, survey panelists reported that overall sales increases were seen in LVT (85%), hardwood (64%), carpet (52%), tile/stone (38%), laminate (19%), resilient (19%), and other (18%).

Training

In regards to training, 27% of survey respondents indicated their monthly investment for staff members was \$500+; with 26% of the respondents spending \$100; \$250 for 19% of respondents; \$50 for 15%; and \$0 for 13%.

When panelists were asked if they would be willing to spend \$99 a month (per retail location) for access to an extensive online library of professional training materials that includes testing and certification after successfully completing the program for them and their staff members, 28% said yes, 23% said no, and nearly half (49%) said they would need to know more specifics before answering. Several indicated their buying groups already provided this service, while others mentioned hands-on training/classes, or a training library on DVD disk might be a better option. The monthly fee also concerned our panelists.

Panelists weighed in on the types of courses they would like included. Seventy-six percent (76%) said product knowledge, followed by installation (75%), and general selling strategies (75%). sales Management (50%), Merchandising (47%), Financial Controls (41%), and Back Office Management (41%) followed. **(See Chart 6)** The open-ended responses received from this question included:

- There are numerous areas that we ALL can benefit from. However, our installers need more resources... it NEEDS to be accurate for all areas of country! Installations have always posed a concern.
- Proven advertising vehicles.
- Basic installation for sales pros.
- Commercial blue print reading, estimating training.

6. What training courses would you like to have access to for you and your staff?	
General Selling Strategies	75%
Sales Management	50%
Back Office Management	41%
Merchandising	47%
Financial Controls	41%
Product Knowledge	76%
Installation	75%

The majority (58%) of respondents indicated everyone should receive training, while 27% said the training would be for staff members, and 15% said the training would be for themselves. Several respondents added that the cost, location and duration of the class would be a factor in their final decision, especially for those who are self-employed.

Greatest Industry Opportunities

Interestingly, a common thread could be seen in the panelists' responses when asked about the greatest opportunity in our industry today. The responses included:

- Creating a career for people that don't want to attend college but want to learn a trade. We're trying to create a place where employees can have the same benefits that they would in other job opportunities. We need to attract better quality employees. Consumers are willing to pay for quality work. Most good tradesmen don't have good business sense and we try and bridge that gap by running the business and employing good tradesmen.
- Developing installation into a respected trade that can be a good source of income and employment.
- Having a designer on staff to compete against box store employees. Sell American made products against the lumber liquidators, box stores etc.
- Changing trends in managed property, from rental apartments to assisted living, trend is toward better quality flooring options.
- Lead generation from manufacturers to support independent retailers.
- We need to educate the mortar-and-brick stores to do a better job. Too much focus is on money and less on knowledge.

Continued



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Market Study, Continued

- To educate people on making purchase decisions based on quality and not price.
- Just keep learning and treat your customers like your friends. Keep moving forward.
- Become expert in product knowledge
- Education and certification; installation and certification; and marketing.

Greatest Change in the Industry

Our panel of respondents said the **primary challenge** of hiring/using **qualified installers** was their main concern.

Moreover, panelists were asked about their observations and what they saw as the greatest change in the flooring industry today. Not surprising, installation and lack of qualified installers was mentioned by most:

- Installation is always a huge concern—we are struggling to get younger people to be interested in the trade—then to find quality training.
- More intricate tile work/larger tiles/more detailed work.
- The way advertising and online sales affect buyers' decisions.
- LVT and LVP are becoming products of choice in lower-level/basement floors - taking another area traditionally locked down with carpet.
- Government grey regulations classifying independent subcontractors as employees.
- Sales associates that don't know what they're selling. Not just within the big boxes stores but also with typical retailers.
- Teaching retailers that they cannot or should not attempt to beat home centers at their game, but should compete on our terms.

- More and more retailers are shying away from high end flooring because they don't have the installers to do the work. Claims are a big problem for dealers. Too many, too much time to process, and unhappy customers.
- Decline of carpet, increase of hard surface.
- Internet Sales.

Primary Challenge to Respondents

Our panel of respondents said the primary challenge of hiring/using qualified installers was their main concern (57%), followed by training and retaining an adequate sales force (21%), lack of customers overall (9%), and competing with Big Box stores (7%). Respondents also indicated product quality (2%), product knowledge of manufacturer sales forces (2%), and reliability of manufacturer sales forces (2%) also weighed heavily on minds. Comments included:

- More so finding younger generation candidates to train as qualified installers. There are so many hack job installers running around now!
- Customers abusing what reviews are meant for so they can get more.
- We have in-house installers, but finding drug-free and capable ones is the problem.
- Installers.
- Cash flow.
- Eroding margins due to internet shopping.
- Human resources in all areas of business, not just installation.
- Not enough exclusivity in the marketplace.
- Salespeople needed.

These are just some of the findings from the Q3 2015 Market Trend Survey. A complete report is available to current World Floor Covering Association members. For your report, please email Jeff Golden, *Premier Flooring Retailer* editor, jeff@pfrmagazine.com.

Editor's Note: The World Floor Covering Association and *Premier Flooring Retailer* have partnered with BOWE Company, Inc. to deliver the most in-depth market research available in the floor covering industry. Research is conducted at quarterly intervals throughout the year to provide an accurate analysis of the data. ○



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This year, Jeff Lorberbaum celebrates 40 years in the flooring industry. The son of two WFCB Hall of Fame members, Mr. Lorberbaum has devoted the past two decades to expanding Mohawk Industries from a niche North American carpet and rug manufacturer to the world's largest flooring company.

Over the past 15 years, Mr. Lorberbaum has added ceramic tile, laminate, wood and vinyl to Mohawk's portfolio and has expanded the company's global footprint to include operations in Europe, Russia, Mexico, Asia and Australia. A native of Dalton, Ga., Mr. Lorberbaum is a past chair of the Carpet and Rug Institute and a former member of the Georgia Chamber of Commerce's board of directors.

Q&A: Jeff Lorberbaum

In 2015, Mohawk grew with the IVC acquisition. How is that progressing?

Our goal has always been to help our customers grow their sales and margins. The IVC acquisition does that by expanding our distribution of superior vinyl products. Our fiberglass sheet vinyl offers an exceptional alternative to felt sheet vinyl. The ultra durable, stain resistant construction features deeply embossed surfaces and incredibly beautiful, realistic visuals. Our new state-of-the-art facility in Georgia is raising the bar for LVT in both style and performance. Consumers will love the natural look and feel of our wood and stone LVT that our unique high-definition clear print layer creates. Meticulous construction gives our LVT unsurpassed scuff, scratch and indentation resistance, making the product a great alternative throughout any home. We have a comprehensive product offering that appeals to every consumer, and we are continuously improving our products, service and marketing to help retailers generate sales.

How do Mohawk's investments benefit retailers?

For the past few years, we have invested heavily in the business to create more innovative, highly differentiated products, improve our quality and deliver exceptional service. We continue to invest in sophisticated merchandising that yields sales at a higher price point because consumers better understand the value proposition of our products. We are adding sales reps, improving customer service and producing creative marketing campaigns. Enhancements to our websites are driving consumers to retailers faster and with more product knowledge when they walk through the door.

Are there any trends you see in 2016?

We are leading the trend in ceramic tile being used to create accent walls throughout the home as well as offering longer and wider ceramic wood plank looks for the floor. We expect our new LVT collections to further propel that category's rapid growth. People continue to seek the softness of carpet in their homes, and our SmartStrand Forever Clean products offer a luxurious feel plus unsurpassed soil and stain protection. Homeowners will continue combining soft and hard surfaces, and we offer a complete array of products that give consumers the style they want and the performance they demand.

Any advice for retailers?

Keep enhancing your ability to help consumers select the features and benefits that they desire, and take full advantage of the services and support that Mohawk offers: merchandising upgrades; marketing materials; strategic guidance for product placements on the sales floor; and training for retail sales associates. We provide the products and tools retailers need, and we will continue to deliver new and innovative ideas to help their businesses. ○



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Asbestos and Lead Paint: Ignore at Your Own Risk

By Jeffrey King, General Counsel for the WFCA

It is generally understood that federal and state law strictly regulates the removal of asbestos-containing products. Flooring retailers and contractors know that they need to check for the presence of asbestos before removing older floor tiles and similar types of flooring remaining from the 1980s or earlier that could have asbestos in them or in the mastic used to install them. But what about flooring that was installed after the mid-1990s?

Similarly, there was much ado back in 2010 when the U.S. Environmental Protection Agency (EPA) introduced its lead-based paint Renovation, Repair and Painting Rule (RRP). The RRP requires that someone trained and certified for lead paint removal be used for any work that disturbs no more than six square feet of interior surfaces that was painted with lead based paint. Many flooring dealers paid to certify employees or sought out certified remediation professionals. Many retailers are now asking whether they need to renew their employee's certification or hire renovation contractors certified for lead paint removal.

Recent enforcement actions by the EPA and Occupational Safety and Health Administration (OSHA) and the levying of large fines indicate that these rules are being vigorously enforced and should not be ignored.

Asbestos Is Still Being Used

It is a common misconception that, since the early 1990s, the United States government has prohibited the manufacture and sale of products containing asbestos. The facts are,

however, that it is not illegal to manufacture, import or sell most asbestos-containing product in the United States. EPA attempted to ban all asbestos products in 1989, but those regulations were largely struck down by an appellate court. Today, asbestos in products in the United States is not actually banned, with the exception of a few specific products, such as flooring felt. Other products – including flooring tiles and glues – may legally still contain asbestos. Although most companies in the United States stopped using asbestos in products long ago, some products manufactured in the United States and some imported flooring products may still have asbestos in them.

While the production and sale of most asbestos products are not prohibited, the removal, and possibly the installation, of products containing asbestos is strictly regulated. Generally, any product containing over one percent (1%) asbestos is considered by EPA to be an “asbestos-containing” product or material, which is subject it to the OSHA and EPA abatement standard requirements of isolation, monitoring, respirators, wetting, proper handling and removal of waste. Unless the asbestos product can be installed or removed without breakage that causes the asbestos fibers to be airborne, the abatement rules will apply.

Accordingly, it is not safe to assume products installed after the mid-1990s are asbestos free. Removal of all resilient -- tiles, glued down products and other products that may contain asbestos will require the contractor to test for asbestos before removal. Generally, testing for asbestos requires sending a sample to a lab for microscope analysis. If there is one percent (1%) or more asbestos present, the OSHA and EPA abatement standard will generally apply. There are also state regulations and laws governing asbestos removal and the requirements will vary from state-to-state.

Recent enforcement actions make clear that it is risky to ignore the potential for the presence of asbestos. For example, just this summer, a company in Illinois was fined \$1,792,000 in penalties for willfully exposing at least eight workers to asbestos during the renovation of a school building. OSHA inspectors determined that the company had employees remove asbestos-containing materials, including flooring tiles, during the renovations. OSHA found that the company was removing floor tiles without using the required abatement methods, such using a wet removal process. In addition, the company failed to provide protective equipment or a decontamination area for its workers.



The EPA fines each company for the violations. Penalties have ranged from \$1,000 to \$5,000 for businesses with ...revenue of \$300,000 or less, and \$37,500 to \$300,000 for larger companies.

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Asbestos and Lead Paint, Continued

Just this past November, OSHA fined three companies \$112,000 for failing to test for and properly abate asbestos when demolishing and removing previously installed vinyl floors and the floor mastic from residential apartments. Each company had to post a notice of the violation to all affected employees. In addition, each company had to undertake proper abatement of the vinyl floors and mastic and provide OSHA with an abatement certification.

Fines are not the only risk—failure to follow the rules can expose a contractor to criminal charges. In May of this year, a contractor in South Carolina was sentenced to six months in prison, six months house arrest, three years supervised release and a \$10,000.00 fine for failing to properly abate asbestos. The defendant was hired to renovate a beachfront condominium building, which he knew contained asbestos in the exterior surface coating. The contractor directed his workers to pressure wash the material rather than follow the required abatement standards. As a result, OSHA found that he exposed

his workers, a local beach and adjacent properties to asbestos contamination.

It is not safe to just assume there is no asbestos in floors installed after 1980. That is especially true for laminates, tiles and other products that are adhered to floors. The glues used often contain small amounts of asbestos that requires proper removal and abatement. Accordingly, precautions need to be taken before bidding on a contract. Either testing for asbestos before bidding or including a clause in the bid and/or contract that states the quoted price is based on there being no asbestos present in the floors to be removed is recommended. Flooring dealers and contractors should also consider consulting with a reputable asbestos abatement contractor to determine the best way to ensure that removal practices are in compliance with federal and local laws.

Lead Paint Removal

Contrary to rumor, the U.S. Environmental Protection Agency (EPA) is vigorously enforcing its lead-based paint Renovation, Repair and Painting Rule (RRP). The RRP requires remediation by someone trained and certified for any work that disturbs no more than six square feet of interior painted surfaces per room for renovation. The Rule applies to residential buildings and buildings “visited regularly by the same child, under 6 years of age” that were constructed prior to 1978. Since six square feet is only twelve feet of half-inch molding, floor covering dealers and installers often find themselves covered by the RRP.

The Agency has actively been enforcing the RRP. The EPA has filed actions against general, painting, roofing and siding contractors involved with residential renovation or repair projects. Actions were also filed against apartment property owners where the renovations were done. The EPA cited a litany of violations by the contractors and the building owners including:

- **Failing to Provide Personal Protective:** Companies must provide personal protective clothing, clean changing areas and hygiene facilities, such as showers and hand-washing facilities, to prevent lead from traveling home.
- **Failure to Obtain Firm Certification:** Companies that perform renovations must be EPA-certified.
- **Failure to Ensure All Individuals Performing the Renovation Were Certified or Trained:** Certification and training does not apply only to the company, but

Continued

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Asbestos and Lead Paint, Continued

goes to individuals performing renovation activities on behalf of a firm. These individuals must either be certified renovators or be trained by certified renovators.

- **Failure to Ensure that a Certified Renovator were Assigned:** Certified renovators need not be present at a renovation work site at all times, but the rule mandates that they must be on-site during the performance of certain activities and that they may not delegate certain tasks to other workers, such as conducting a visual inspection to determine whether dust, debris, or residue is still present.
- **Failure to Comply with Work Practice Standards:** The companies and their employees must also adhere to the work practice standards set forth in the rule. Those standards include: (1) using HEPA vacuum attachments on all machines designed to remove paint or other surface coatings through high speed operation such as sanding, grinding, power planing, needle gun, abrasive blasting, or sandblasting; (2) preventing the release of dust and debris before the waste is removed from the work area for storage or disposal, including isolating the work area so that no dust or debris leaves the work area while the renovation is being performed; (3) covering the ground with impermeable material to prevent ground infiltration; (4) closing windows and doors in the work area, cover doors with plastic sheeting or other impermeable material, and cover doors used as an entrance to the work area; and (5) covering the floor surface in the work area, including installed carpet, with taped-down plastic sheeting or other impermeable material.
- **Failure to Post Signs:** The contractor must post signs clearly defining the work area and warning occupants and other persons not involved in renovation activities to remain outside of the work area before beginning the renovation.

- **Failure to Provide and Document Delivery of Lead Hazard Information Pamphlet to the Property Owners:** At least 60 days before beginning renovation activities, renovators must distribute a lead hazard information pamphlet to owners and occupants of target housing and to owners and proprietors of buildings that contain a child-occupied facility. EPA mandates use of the pamphlet entitled *Renovate Right: Important Lead Privileged & Confidential/Attorney-Client Communication/Attorney Work Product Hazard Information for Families, Child Care Providers and Schools*.
- **Failure to Establish and Maintain Records:** Following completion of renovations and post-renovation activities mandated by the rule, firms must retain records demonstrating compliance with the rule for three years.

The EPA fines each company for the violations. Recent, penalties have ranged from \$1,000 to \$5,000 for businesses with annual sales or gross pre-tax revenue of \$300,000 or less, and \$37,500 to \$300,000 for larger companies. For example, an Illinois contractor faces more than \$287,000 in fines for failing to provide protective clothing and equipment to its employees who were removing lead based paint from structural beams.

Conclusion

With the increase in enforcement, any WFCAs members involved with the removal and installation of flooring are well advised to ensure they are both familiar with the asbestos and lead paint requirements and have taken the steps to comply with the rules. Given the complexity of these rules, it is recommended that competent legal counsel be consulted to ensure that all the appropriate steps are taken to be in compliance with the rule's requirements.

Notice: *The information contained is abridged from legislation, court decisions, and administrative rulings and should not be construed as legal advice or opinion, and is not a substitute for the advice of counsel.* ○



ABOUT THE AUTHOR

Jeffrey King has more than 35 years' experience in complex litigation with a focus on contracts, employment, construction, antitrust, intellectual property and health care. He serves as general counsel for WFCAs and other trade associations, and is a LEED Accredited Professional. For more information, contact him at (561) 278-0035 or jeffw@jkingesq.com.

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Web: www.hpsubfloors.com



Armstrong Floor Products
Resilient: Two Step Resilient Sheet - **TISE West Booth #1646**
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Web: www.armstrong.com



EarthWerks
LVT: Halden Collection - **TISE 2016 Booth #2037**
Phone: 800.275.7943 • Web: www.earthwerks.com



Novalis Innovative Flooring
LVP: NovaFloor NovaCore rigid waterproof plank
Phone: 704.799.1111 • Web: www.NovaFloor.us



Mannington

Resilient: The Centennial Collection Filigree pattern - **TISE West Booth #1210**
 Phone: 800.356.6787
 Web: www.Mannington.com



IVC US

Resilient: Flexitec Raeburn - **TISE Booth #4410**
 Phone: 706.529.2600
 Web: www.ivcfloors.com



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LVT: Luxury Vinyl Cork (LVC) - **TISE 2016 Booth #2955**
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 Web: www.qepcorporate.com



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Install: WFP400 – Professional Flooring Installer
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 Phone: 844.848.6639
 Web: www.wagnermeters.com



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 Install: QuietWalk underlayment for floating
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 Luxury Vinyl Plank: Alabaster Oak - **TISE West Booth #S1332**
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Someone Will Succeed This Year. Why Not You?

By Scott Humphrey, CEO, WFCFA

Years ago, I had the privilege of having lunch with celebrated college football coach Bill Curry. Coach Curry, as many know him, coached multiple football teams in the Southeastern Conference. He also was the starting center in Super Bowl I for the Green Bay Packers. He had the rare privilege of playing for the legendary football coach Vince Lombardi and had just completed a best-selling book titled, “10 Men You Meet in the Huddle.”

To say I was star struck would be an understatement. Yet through all of our time together at lunch, and later during his keynote address to professional flooring dealers, there is one comment he made I have never forgotten and have often quoted. Though made in passing, its impact has been very deliberate in my life. He said, “Someone will succeed this year; why not you? Somebody’s business will prosper this year; why not yours?”

Ironically, my time with this gracious and humble man was smack dab in the middle of what is now known as the Great Recession. Not a time associated with success, especially in

the field of business. Maybe that is why his words have often echoed in my mind. Through this comment, he was cautioning that success is always possible, but it doesn’t just happen. It’s based upon everyday choices.

In fact, you may be surprised to learn that 25% of the companies that comprised the original Fortune 500 were founded during the Great Depression. Fulfilling your dreams in 2016 won’t just happen either, but it is possible to make this your best year yet. It is my hope that your utilization of the Acrostic D.R.E.A.M. below will help assure your goals are met and exceeded this year.

- 1. Define** what your best looks like. We rarely hit a target that matters by accident. It is important you plan for success by honestly evaluating your potential. In life, we do not have the privilege of shooting and then drawing a bullseye around the impact point. Still, the majority of professional flooring dealers I encounter are so busy working in their businesses that they rarely take the time to truly define their goals. The level of



“25% of the companies that comprised the original Fortune 500 were founded during the Great Depression.”

detail in defining your best will determine your ability to truly focus on achieving your goals.

When Tiger Woods first came onto the PGA tour, his process of reading putts was very unique. He would use his hands as blinders as if he were shading his eyes. He would then get behind the ball and read the break of the green before putting. At a press conference, he was asked if the purpose of shielding his eyes was to block out all possible distractions. His response showed the level of focus. He replied he was not blocking out distractions, but instead was watching the ball go into the hole. In other words, he was so focused on the outcome he expected that he was actually surprised when the ball did not go in. How would this year be different if you approached it with a defined expectation of success?

- 2. Resolve** to embrace the change you will need to succeed. The reality is, throughout our lives, we will either create change or find ourselves responding to it. Why not be the catalyst for change in your own life and business? To determine the change you create in 2016, ask those around you what they would like to see you change in order to achieve a simplified and more prosperous life. **Caution:** only ask those who you trust to have your best interest at heart. Then, gather feedback on possible changes that could simplify your life and make your business more successful.
- 3. Encourage accountability** – Private goals are rarely reached. Silent standards are rarely kept. It is important to grant those whom you trust with permission to make sure the steps you are taking are in line with your objectives. Years ago, I was challenged by a co-worker to compete in a triathlon. After accepting, I communicated my intent and target date to all my fellow employees. I did this because I, like many, have great intentions that are often derailed by life. In fact, I trained during the first year after our triplet daughters were born. Sleep was rare and distractions were many. I knew the chances of success were greatly diminished

without accountability from those closest to me. During the event itself, I was really struggling to complete the swim. One of the monitors paddling around in a boat asked me if I wanted to get in. Everything inside of me said yes. I asked if I could complete the rest of the event (bike and run) if I accepted his offer. When he said no, I turned down his offer. I couldn't quit because I had told so many people, including my young son, I was going to complete a triathlon. Accountability is the power that drives your engine.

- 4. Act** – Knowing what you want and having a dream are of little value if you are stuck in your rut. Psychologists tell us a rut is simply a grave with both ends kicked out. People still die, but they do so by gradually following the routine to which they have become accustomed. Your action must be powerful enough to break you out of your rut. Determination in making the tough decision you have been putting off is essential for your dream to become actionable.
- 5. Monitor success** – People don't respect what you expect. They respect what you inspect. Don't continue to guess how well you and your people are doing in reaching your goals. Inspect your progress and theirs. Give consistent and timely updates on their progress in reaching the goals you have established for them. Reward and praise those who are making strides in the right direction. Offer support to those who are experiencing trouble and define corrective action. If progress is neither tracked nor communicated on a regular basis, then it is highly unlikely you will see personal or professional success.

Achieving your dreams in 2016 is possible and becomes probable if you follow the steps laid out in the acrostic above: **Define** your best; **Resolve** to embrace change; **Encourage** accountability; **Act**; and **Monitor** your success. After all, someone will succeed in 2016; somebody's business will prosper – why not you? We would love to be a part of your success. Let us know how we can help. [o](#)



ABOUT THE AUTHOR

After 43 years in the flooring industry, WFCF CEO Scott Humphrey has seen it all. His knowledge is extensive from his position as manager of Leadership Development and Training Services for the Shaw Learning Academy to helping Shaw Flooring Network members turn difficult situations into success stories.

fcB2B & Your Company's Future

By Pamela Bowe, BOWE Company, Inc.

Companies with better information technology grow faster than companies without. - Keystone Strategy

Through the efforts of The Floor Covering Business to Business Association, a 501(c)(6), a group of industry leaders have worked together to develop B2B technology to benefit all segments of the flooring industry. The flooring industry is now exchanging documents using fcB2B technology. Product catalogs, purchase orders, acknowledgments, advanced shipping notices (ASN) and invoices are active with the supply chain. Retailers using fcB2B have found this is a preferred method to work with their suppliers and a benefit to their own operations daily.

Following is a primer on the areas incorporated into fcB2B and those currently in development.

Web Services -The Evolution of fcB2B

Web services are real time services that fcB2B-compliant flooring suppliers offer to their customers. At first, basic

inquiries are supported. Soon, transactions like holds, orders, and item catalog downloads can be accomplished using web services. Now in production: Stock Check, Stock Holds, and in 2016 Price Check.

...Your software enables your hand held smart devices to act in a way similar to how Star Trek pioneers used their hand held transmitters.

Stock Check is a means by which a retailer can inquire on inventory availability with a specific supplier. The retailer uses web services to access the Stock Check service, selects the products they are selling to a customer and gets a response summarizing the available quantity, availability date, shipping location and inventory details.

Price Check is a means by which a retailer can use web services to inquire on an item's price with a specific supplier. The retailer uses the price check service and gets a response summarizing the available pricing. The driving force in developing this service is to move to open, internet-based web services that will allow the dealer to verify price for items in their database. In addition these services are accessible using a mobile device.

The goal of these services is to build upon the existing capabilities between trading partners in the flooring industry. Extending the fcB2B standards to include support for web services greatly enhances the capabilities of buyers to make inquiries with suppliers and receive responses to those inquiries in near real time.

Why is this so different?

Web services put the power of obtaining important sales related information in your hand, literally. Using technology developed by fcB2B, your software enables your hand held smart devices to act in a way similar to



A FULLY AUTOMATED CUSTOMER RETENTION MARKETING PROGRAM

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WFCA MEMBERS GET THE FIRST YEAR'S MEMBERSHIP ABSOLUTELY FREE!

The information contained in a B2B/fcB2B transaction or web service is the same as on a conventional paper document.

how Star Trek pioneers used their hand held transmitters. No, beam me up is not part of what we offer, yet.

However, check this out in examples to the right!

The information contained in a B2B/fcB2B transaction or web service is the same as on a conventional paper document. Send purchase orders to suppliers, receive acknowledgments, ASNs, and invoices, and receive price catalogs from suppliers.

Why use fcB2B technology?

- Cost Savings
- Increased Profits
- Improved Productivity
- Lower Overhead Costs
- Improved Service Levels
- Improvement in Customer Satisfaction Management

Using fcB2B technology will allow you to stay competitive, increase profits, and grow your business.

What is the future for fcB2B?

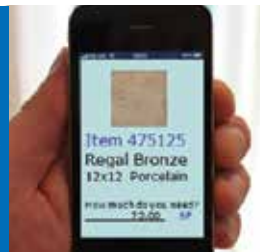
The B2B transactions discussed earlier are the technological plumbing for the future. fcB2B is currently concentrating on new web services. The efforts on web services will allow your mobile applications to access data from your supplier's systems as easily as from your own systems. Your customers will be able to access data from your systems as easily as from their own systems. B2B web services will make the flooring industry technologically competitive with other consumer-friendly industries.

How do I get on board with fcB2B technology?

Software makes it all work. There are several excellent software options available. Look for software vendors that are members of fcB2B. Visit the website www.fcB2b.org

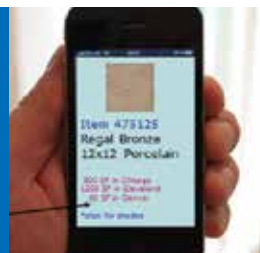
Web Services Example #1 - Item Inquiry

- Enter or Scan a SKU
- Device displays basic item information and questions that relate to the web services that are available from your supplier



Web Services Example #1 - Item Inquiry

- Your supplier's computer returns information in real time



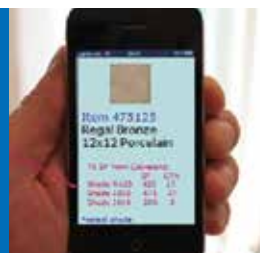
Web Services Example #2 - Hold Material

- Select Source



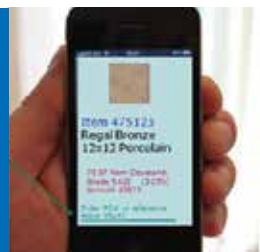
Web Services Example #2 - Hold Material

- Select Source
- Select Shade



Web Services Example #2 - Hold Material

- Select Source
- Select Shade
- Enter PO# or reference



ABOUT THE AUTHOR

Pamela Bowe, MBA, BOWE Company Inc., is a recognized industry authority on emerging technologies, she combines the real world experience in the flooring industry with a thorough understanding of technology and its practical applications. Her 30 years of experience includes digital marketing, finance, strategic planning and online development of professional grade websites and multi-national networks.

How to Determine Your Marketing (Ad) Budgets, Part II

By Josh McGinnis, Owner, Unlock Your Biz

In part one (Nov./Dec. 2015 Premier Flooring Retailer) of this article series, we discussed how to determine your advertising and marketing budget. Among successful retailers, the most common method of determining ad spend is a percentage of sales – either last year’s sales or a prediction of this year’s sales. Your assignment was to determine the dollar amount of your 2016 budget and identify which months produce the strongest sales for your store.

Assuming you have your budget and have identified your strongest sales months, the next step is to determine how to allocate those monies. Use the grid below to simply and logically outline the year’s activities and visually demonstrate the months where there is the most opportunity for increased sales.

Down the far left column, list each month. Across the top, list the activities per mill, your store, the community, etc. In the last column, identify which months have generated the most sales.

As you look at this grid, you can quickly identify the months where there is potential for the most store traffic, publicity, and sales. This grid is simply a beginning. You may also want to identify the various offers promoted by the mills, such as financing, sale pricing, etc. Other things to consider are value-added marketing and advertising you receive from these activities. Manufacturers in particular offer significant opportunities to promote your store locally at no additional

charge or for a significantly better rate during their bi-annual campaigns.

Once you have a visual of the entire year and know which months drive more sales revenue, it’s time to allocate your spending. Keep in mind, you’ll want to begin advertising and marketing the month prior in order to capture the attention of those who have delayed their purchase or are simply waiting for a good deal. Ideally, you’ll learn how consumers are hearing about you – radio, online, TV, events, etc. If not, capturing this information should be a key goal for 2016.

While being intentional with this exercise may take a couple of weeks, it’s an excellent use of time. Once complete, the next step is determining where to spend your marketing dollars. The temptation is to do what you did last year. After all, when the ad rep calls from the radio or TV station, telling them you’ll run the same schedule as last year or last month is a quick call and a quick decision. Unfortunately, the time you save with the phone call is likely to be lost in sales and profitability.

The only way forward for a growth-minded organization in today’s socially connected, mobile-friendly marketplace is to engage, attract and retain customers through a comprehensive online marketing campaign. Your local television, radio, newspaper, and Yellow Pages all include an online package with their traditional offerings. While this may be a good value, this is not a digital strategy. Often the digital package offered

Annual Calendar of Events					
Month	Mill Events	Local Media Events	Annual or Regular Store Events	Community Events	Strongest Sales Months (Indicated by X)
Jan					
Feb					
Mar					
Apr					
May					
Jun					
Jul					
Aug					
Sep					
Oct					
Nov					
Dec					

“The only way forward...in today’s socially connected, mobile-friendly marketplace is to engage, attract and retain customers through a comprehensive online marketing campaign.”

by these groups is overpriced, under delivers, and in worst case scenarios, is actually damaging to your overall marketing campaign. I’m currently working with a dealer who has been damaged by online tactics used by their local phone book company.

The primary objective of any online marketing campaign is to get found and get selected. A comprehensive and intentionally focused online marketing campaign will help engage prospects, strengthen relationships with existing customers, and open up new possibilities for your organization.

Common elements of a quality digital campaign include:

- Search engine optimization (SEO) to draw the right audience to your website
- Social media marketing to target your ideal audience and their networks
- Content-rich blog posts to build trust with your audience (helps in getting selected)
- Online new releases that bypass the news media and target your customers directly
- Email marketing which educates your audience and helps them solve their problems
- Video marketing which enhances your website’s position within search engines

The digital advertising world has become a robust machine with evolving opportunities that can be confusing and convoluted. Once you think you have a handle on how things operate, they change. (Google has modified its search engine algorithms over 100 times since 2010.) The great news is you can use these changes to quickly adapt your marketing to your consumer base and reach them faster and more effectively.

What might this look like for your business? I’m currently working with a flooring client who spends \$60,000 annually in phone book and newspaper ads. We tracked the results of this advertising and found 99.2% of their leads were referrals, repeat customers, and drive by sales (those familiar with the store due to its location).

We are reallocating 100% of the monies spent on phone books into a comprehensive digital advertising campaign. The retailer’s website is being revamped to promote customer interaction and engagement, we’re creating an automatic email campaign that will nurture leads over time until the consumer is ready to buy, and we’re creating eBooks to both educate and increase customer reviews (while filtering out negative reviews) to add social proof to other shoppers.

Also underway is the creation of engaging video and info graphics that will be shared on various social media platforms. The content is focused on what interests consumers – and no, it’s not centered around price or discounts. This retailer is also creatively and effectively communicating why they are better than their competition. They’re educating consumers and gaining market share. This retailer is making time to learn, adapt, and strategize, and it’s paying off.

There is still a place for traditional advertising, but to be effective today, your advertising budget must include a large percentage of digital marketing. Because of the evolving nature of this medium, you may find it better to work with someone or a group of experts in this field. In fact, for 2016, digital advertising will equal 60% of all ad spend. Your digital budget should be even higher considering the size of most dealers.

So get working on your plan and get moving in the digital world. This strategic approach not only saves you money and produces a greater return on your advertising budget, you will have a better ability to focus and train your team on specific product sales, offers, and event details. Time wisely spent now will allow you to divert your attention on other, more important activities and be less reactive to changes in the marketplace and the competition.

As you create your 2016 marketing plan, include the components listed here and make sure you have a reputable company who understands how all these pieces fit together to form the whole, bridging the gap between your marketing and sales. As always, let me know if I can help. ○



ABOUT THE AUTHOR

Josh McGinnis is in the top 5% of business coaches worldwide. He specializes in fixing marketing, sales, and people problems so his clients can maximize their growth potential. His clients routinely outperform the national average for their individual industries. This is part of the reason he has doubled his own business by word of mouth and referrals each year for the last four years.

Listen Your Way to More Sales!

By Michael Vickers, Executive Director, Summit Learning Systems

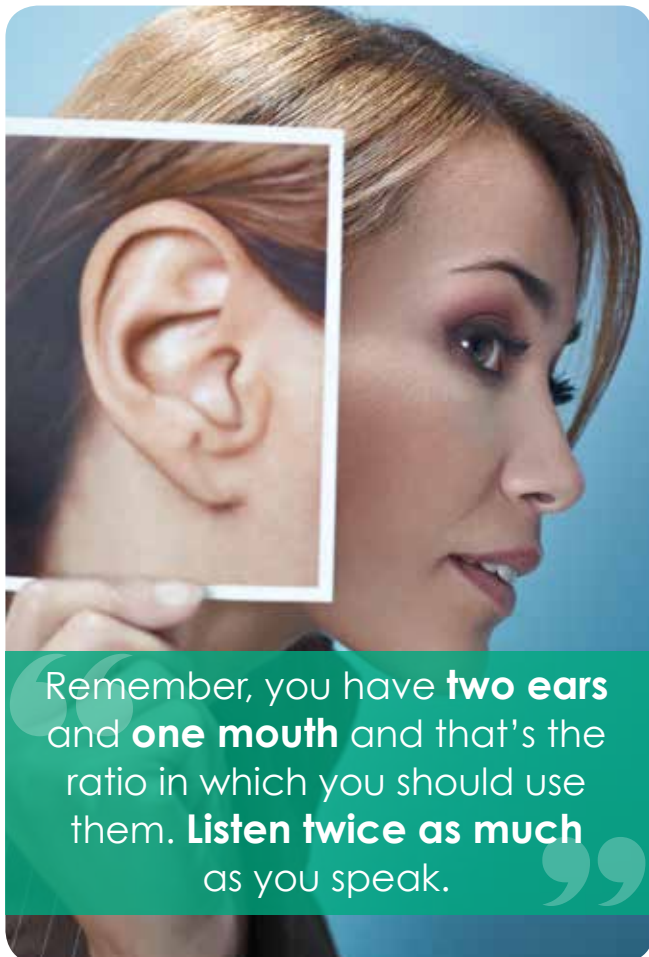
Most people do not listen with the intent to understand, they listen with the intent to reply. – Stephen R. Covey

In my experience as a sales coach and as a customer, I've observed that many salespeople are not great listeners. It may not be their fault. This behavior just may not be taught to them. They know all about the products, features and benefits etc. of what they are selling and know how to position the products in their best light based on the training they receive from their company reps.

Yet, while some salespeople have become really great at asking questions, they often fail to learn how to **listen** to the answers. This is a whole skill set in itself. In many cases when your sales rep asks a question, they are often just waiting for the customer to stop talking so they can begin pitching again. This is a training issue for sure. The fact is that some salespeople haven't been taught how to listen and they often wrongly assume that they have this skill.

If you think you have some room for improvement when it comes to your listening skills, then here are some simple but practical ways in which you can improve.

- 1. Focus, focus and focus** – Whether or not you are on the telephone or meeting with your customer face-to-face, stop everything you are doing and give 100% of your attention to your customer. In other words, stop multi-tasking. That means finish up with what you are doing, (like paperwork or eating your lunch, etc.) and focus on the customer. If you are busy with your tasks and trying to give attention to your customer at the same time, then you're not listening. You can't be tuned in to more than one thing at a time. Bottom-line here – multi-tasking doesn't work.
- 2. Notice what they emphasize** – Words specifically convey complex thoughts and issues and today's customers communicate on several levels. First, with the words they use to describe their situation, their needs or their concerns. Second, the tone they use to describe their situation will take their communication to another level. Pay special attention to the words they emphasize. It's the emphasis they put on their words that reveals what is important to them. While paying attention to what they put an emphasis on, notice their pace and volume while you are at it.
- 3. Listen attentively** – There are two types of listening. The first is called "active listening." This is where you are **really** listening to what the customer is saying. (words, tone, pace, etc.) Simply, the customer is doing the talking and you are not. The second form of listening is more interactive in nature. Interactive listening means you are using questions to clarify what is being said. Questions like "can you tell me more about that?" or "How do you feel about...", etc.
- 4. Send acknowledgment signals** – A good technique to demonstrate to the customer you are actively listening is to use acknowledgment signals like nodding or using verbal phrases like "I see," "Good point," or "That's interesting." When the customer feels you are paying attention, they are more likely to give you more information that will be helpful to you.



Remember, you have **two ears** and **one mouth** and that's the ratio in which you should use them. **Listen twice as much** as you speak.

When the **customer feels you are paying attention**, they are **more likely to** give you more information that will **be helpful to you**.

5. Summarize and rephrase – When your customer has finished talking or answering your question, you can say something like this: “If I understand you correctly” or, “What you are saying is ...” (paraphrase and give back your understanding of what they just said). This technique is powerful because it forces you to listen, it engages the customer, and it seeks agreement.

Using these listening techniques will make your customer feel good about you, ensure that you understand them, and create an atmosphere of agreement. Your ability to listen more

effectively will evolve out of your discipline to apply these techniques regularly. If you are going to listen more effectively, then you must make the effort to do so.

Becoming a great listener is not difficult, it just requires some discipline to create the new habit and trust yourself that your brain will give you the words you need when it's your turn to speak. Remember, you have two ears and one mouth and that's the ratio in which you should use them. Listen twice as much as you speak. These techniques will work great for you personally with your friends and family as well. ○



ABOUT THE AUTHOR

Michael Vickers is executive director of Summit Learning Systems, a provider of customized in-house training and e-learning programs; and author of the best-selling book, *Becoming Preferred – How to Outsell Your Competition*. Contact Michael at: www.michaelvickers.com.



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Charge for Install on Total Sq.Ft. of Flooring Sold? That Just Cost Lowe's \$2 Million.

By Jeffrey King, General Counsel for the WFCA

You have been to your customer's home and measured the bedroom they want to re-carpet, as well as the hallway and living room in which they want to install hardwood floors. You calculate your proposal on the total amount of materials needed to install the flooring. You submit the proposal, setting out the total square footage needed of each flooring material and the square foot cost of the materials and installation. To calculate the total cost, you multiply the square footage of the materials sold by the square foot cost for the materials and the installation. You may even explain to the customer that the flooring needs to be fitted to the rooms and as a result there will be some left over materials.

That is exactly what Lowe's did and now must pay \$2 million after the New York Attorney General claimed Lowe's overcharged for installation. The New York Attorney General contended that by charging for installation based on the total square footage of the materials bought and not the actual square footage installed, Lowe's overcharged consumers for installation. To settle the state's allegations, Lowe's agreed to

return up to \$1.1 million to 16,000 New York customers and pay the state \$900,000 in fines.

Lowe's Price Calculations and Advertising

Since at least 2008, Lowe's advertised installation services to consumers for several of its flooring products on a "per-square-foot" basis. For example, Lowe's advertised flooring at "\$1.99 per square foot installed." The flooring products included carpeting, ceramic tile, wood and laminate flooring.

Lowe's had a third-party installer measure the space. Lowe's would then calculate the amount of flooring material needed and provide the customer with an estimate for the job. The estimate included the cost of the material required and the cost of installation based on the total flooring materials purchased. Lowe's explained to customers that the flooring material needed to be in excess of the actual square footage of the project area to fit the room. Customers, however, were not told they could return unopened excess flooring materials for a refund.

Lowe's also did not explain that the installation charge was based on the amount of flooring bought and not on the actual amount installed. Only if the customer specifically requested the measurements of the room, did Lowe's provide that information. The New York Attorney General alleged that Lowe's failure to properly disclose the price was based on the square footage of material ordered and not the actual size of the room was a "deceptive sales practice."

Lowe's agreed to pay \$2 million in refunds and fines, and to mail notices to customers who bought flooring from Lowe's between 2009 and 2012. The New York Attorney General's office is continuing to investigate other home center and flooring stores that fail to properly disclose the true cost of home improvement installation services.

How Should I Charge for Installation?

Lowe's problem was it failed to explain to customers that its per-square-foot installation fees applied to the total material bought and not the actual square footage installed. The solution is to make sure the consumer knows additional materials need to be ordered to install the flooring properly, and that the installation fee is based on the total material ordered and handled by the installer. It is important the flooring retailer disclose and explain to the customer that the installation is based on the total amount of flooring purchased because excess materials are needed to fit the room and the installers will



“Lowe's...did not explain that the installation charge was based on the amount of flooring bought and not on the actual amount installed.”

It is important the **flooring retailer disclose** and explain to the customer that the **installation is based** on the total **amount of flooring purchased...**

have to handle the excess. To avoid any confusion, the flooring retailer can add the following statement to it estimates:

Rooms vary in size and shape, and the flooring must be cut and fitted to each room. As a result, the flooring material needed will usually exceed the actual square footage of each room, often by 10% or more. This proposal for materials and installation is based on the total flooring material needed and handled, including any excess.

There is no deception if the bases of the material and installation charges are fully explained.

Conclusion

The New York Attorney General's allegations against Lowe's failure to disclose the basis of its installation charges is a good reminder that the best practice is to fully inform your customers how the costs are calculated. Problems arise when the retailer is not honest or fails to disclose important information.

Notice: *The information contained is abridged from legislation, court decisions, and administrative rulings and should not be construed as legal advice or opinion, and is not a substitute for the advice of counsel.* ○



ABOUT THE AUTHOR

Jeffrey King has more than 35 years' experience in complex litigation with a focus on contracts, employment, construction, antitrust, intellectual property and health care. He serves as general counsel for WFCMA and other trade associations, and is a LEED Accredited Professional. For more information, contact him at (561) 278-0035 or jeffw@jkingesq.com.

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Embracing the Team Mindset

By Dr. Stan Beecham

The main ingredient of stardom is the rest of the team. – John Wooden

Individual commitment to a group effort— that is what makes a team work, a company work, a society work, a civilization work. – Vince Lombardi



I don't believe in such a thing as *individual performance*. Before you get upset, I am quite aware this is not a popular view in the land of the free and the home of the brave. Regardless, no one has ever done anything completely on his or her own.

Of course, there is the illusion of the self-made man: the guy who started work delivering papers when he was a kid, then advanced to stock boy at the local grocery during high school. He put himself through college by working during the day and going to school at night. A wonderful work ethic is developed, and he starts his own company after working a couple of years for a larger company just to learn the ropes. Then, 20 years down the road, he is ultra-successful with big money, a large company, and a bigger ego.

When asked about his success, he tells the story of how no one ever gave him a thing and how he worked two jobs to put himself through college. We've all heard this one a hundred times.

But what about the part of the story that never gets told? I want to know how he survived after his birth—how he fed himself and changed his own diapers. Tell me the story about how he taught himself to read (he probably had a great grade-school teacher who cared about him) and how he woke up every morning before sunrise to deliver papers (his neighbor who worked at the paper got him the job). The untold story is always the most interesting one.

We all love a good cowboy movie, and we always cheer when the underdog defeats the perennial powerhouse. Yet, at the end of the day, we all need some help to become great. Some need more than others, but we all need help.

Key Takeaway

No one has ever accomplished anything on his or her own. There is no such thing as individual performance.

People are successful primarily because they have some innate talent, which they were born with and did nothing to earn; they find themselves in an environment with someone who nurtures their talent and encourages them; and then someone gives them the opportunity to show what they can do.

Throughout the years, I have held hundreds of sessions with individual collegiate athletes. One after another, they would tell me how they performed very well in high school, but now things were not working out so well at college.

Trends began to emerge, and I soon realized if I was ever going to help these athletes, I would need to get them all in a room at the same time. The athletes either failed to create a good relationship with the coach, or they were at odds with one or more of their teammates.

The commonality for these struggling athletes, I found, was that they had a strong supportive environment back home. However, while at college, they could not recreate the positive culture they had enjoyed in high school.

The teams that were most successful spoke up more easily than the ones that were struggling. I would ask the good teams how good they thought they could be.

Then I would ask them if they failed to win a championship, what would keep them from going all the way. The issues on higher performing teams were usually more tightly defined and centered around maintaining focus, intensity, and the good fortune needed to go long into the playoffs.

But the lower performing teams almost always had either a serious problem with the coach (or coaching staff), or the team had become fractured and sub-teams had been established. Certain players would not speak to one another, and, after a poor performance, the blame game would begin.

It was always someone else's fault. The anger and frustration were palpable. However, once the athletes were able to share their hurt and anger without being destructive to one another, the situation would improve and performance would rebound.

I learned that the ideal situation for developing the skills of these athletes was to work with them individually *and* as a group. This model was revised for my corporate clients, and as a result, we have developed an outstanding leadership development program.

The process of building a team has several critical components and usually one or more are missing, thus the team never jells

“Success is clearly defined by a single team goal. No individual agendas can be tolerated. The self must be sacrificed in order for the team to excel.”

and fails to perform at its full potential. Below are the six steps I have found to be critical to teamwork:

Step #1: Recruit and select the right people.

The first step to having a great team is selecting people who are individually talented and who also have the maturity and desire to be a part of something much bigger than themselves. These people have to want to be a member of the team and be willing to adopt the culture and values of the team.

This is the primary role of the coach in sports or the manager of a business. The leader must have an eye for talent and be able to differentiate between candidates. If leadership fails during the selection process, there is never a chance for success.

Recently, I was in Dallas, Texas, with a group of VP-level managers who were participating in an experiential leadership program. On this particular day, we visited St. Philips Academy, a private school in one of the worst parts of Dallas.

The director of the school, Dr. Terry Flowers, spoke to our group about his leadership style and how he has been able to defy the odds and create a school that has a 100% high school graduation rate in an area where this was once viewed as impossible.

I asked Dr. Flowers what his role was in the selection process for new hires. He quickly responded that he interviews everyone who comes to work in the school. On only a very few occasions, when he had been out of town, had someone been hired without first getting his approval. He added that he generally knows within the first 10 minutes if a person will fit into his culture.

I then asked him what he was looking for in a candidate. Without hesitation, he explained that the person must love children in order to join his staff. “If you don’t love children, you can’t teach them.” That was his primary objective, to find teachers and staff who love children. After that, the teaching happens automatically.

Step #2: Develop strong friendships.

Once you pick your team, individuals must come to know one another in a fairly intimate way through the sharing of their life stories.

It is imperative that they know about each other’s pain and disappointments because they must show vulnerability

and take the risk of being rejected for who they truly are. If teammates only share their successes and achievements, trust will never develop. There is no trust without risk and vulnerability.

Step #3: Create a shared belief system.

Everyone must agree on the absolutes of the team—the team rules or mission. This includes what can never happen and what must happen on a regular basis.

There is usually a motto or some unifying belief that everyone holds to be true. Successful teams have a shared belief system. They have a priority—a first and most important thing. The primary rule is that members are expected to make promises and then keep those promises. Excuses are not tolerated and breaking a promise is a serious offense.

In most of the organizations I consult with, the competition is not another company who provides the same product or service. Instead, the competition is the other managers who work for the same company. When organizations don’t work together (and most don’t), they compete against one another. It’s such a waste and painful to watch.

John Nash, a brilliant mathematician who also was diagnosed as a paranoid schizophrenic, essentially discovered organizations play one of two different types of games: *cooperative games* or strategic, *non-cooperative games*.

The major difference between the two games is that in cooperative games, people make and keep their promises to one another. It’s referred to as, “binding agreements.” In strategic games, not only do people break promises to one another, they try to trick and deceive one another in order to win or gain a competitive advantage.

This is what is happening in corporate America today. People who are supposed to be colleagues working for the same good are actually plotting strategically against their own team members. This is best observed by departments or department heads where the turf battle is on display for anyone who cares to pay attention.

Step #4: Fight without hurting each other.

Team members must learn to fight and manage conflict without becoming destructive. Conflict is inevitable and the avoidance of conflict only creates more conflict. Teams that try to “play

Continued

Embracing the Team Mindset, Continued

nice” are usually not very successful. Members must value truth-telling as the primary intention when communicating. It is possible to be honest without being mean or hurtful. Intention is critical in communication and relationship building. With men’s teams, we would talk about how they fought with their brothers growing up. The consensus was that while it’s okay to cause him pain, you cannot *injure* him.

No one has ever accomplished anything on his or her own. There is no such thing as individual performance.

For the women, we talked about how they fought with their sisters. A similar concept emerged. If you hurt her feelings, you had to apologize afterwards.

Step #5: Cultivate strong leaders.

A successful team must have leadership. The coach must be an effective leader, but there must also be leadership among the athletes or non-managers. Coaches who are unable to groom leaders from within their teams will never be successful.

Unfortunately, most organizations, whether in sport or business, do not have effective leadership. There are people in leadership roles, but they are not leading or inspiring others to reach their full potential. Instead, they tend to just boss their subordinates around.

In my observations, the worst leaders are typically the most senior people in an organization. Usually the best leaders come from two or more levels of management beneath the CEO. Why? Because senior leaders are often out of touch. They don’t know their people and their people don’t know them. Because of their position, they make the mistake of assuming they are the best leaders in their organizations when they are not.

Step #6: Clearly define the team goal.

Success is clearly defined by a single *team* goal. No individual agendas can be tolerated. The self must be sacrificed in order for the team to excel. It amazes me how frequently coaches

emphasize the success of the team all year long and then have an awards banquet at the end of the year and spend two hours handing out individual trophies like MVP and Most Improved. They believe it encourages and promotes future success, when in reality it does neither.

Business leaders make the same mistake. They, too, profess the benefits of working as a team and achieving group goals, and then hand out Employee of the Month awards.

The best leaders create a culture with goals and awards that everyone or no one achieves. Once you create an environment where there are winners and losers at the same time, you will never truly have a team. Everyone must win or no one wins. No exceptions.

Twenty years ago, American culture valued the name on the front of the jersey more than the name on the back. In fact, there was a time when there was no name on the back of the jersey.

In the 1960s and 1970s, there was a collective shift in thinking in our society. What used to be a society of “we” became a society of “me.” The self-esteem movement began celebrating the individual. The movement quit being about how much you contributed to the team and instead about individual egos and personalities.

Today, we value the name on the back of the jersey more than the name on the front, and it comes at a high price to the goals of the team. When the focus is on the individual, athletes and employees cease to play as a team. You simply can’t claim the team is most important and at the same time create incentives that suggest the individuals are more valuable than their teams.

In order to be successful, there must be a unified goal. We all win—or lose—together. And the more we win, the harder we work for each other.

Editor’s Note: *The above article is an excerpt from Elite Minds by Dr. Stan Beecham.*



ABOUT THE AUTHOR

Dr. Stan Beecham is a sport psychologist and leadership consultant based in Roswell, Georgia. A world-class speaker and presenter, his work with collegiate, Olympic, and professional athletes from many sports has afforded him an insight into the minds of great competitors that only few have had the good fortune to gain. Dr. Beecham has taken his wisdom into the business world to develop and conduct leadership development programs. E-mail: www.DrStanBeecham.com.

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