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JULY/AUGUST 2015

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JULY/AUGUST 2015
Volume 2, Issue 4

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On the Cover: Independent flooring retailer Deb DeGraaf of DeGraaf Interiors, Hudsonville, MI and WFCA board member, compares the in-store, in-home and quote/follow-up of her three-store operation to the Big Boxes. See the article beginning on page 12. Photo by June Kuiper.

CHANGE OF ADDRESS: In order to ensure uninterrupted delivery of *Premier Flooring Retailer*, notice of change should be made at least five weeks in advance. *Premier Flooring Retailer* is published bi-monthly (Jan/Feb, Mar/Apr, May/Jun, Jul/Aug, Sep/Oct, Nov/Dec) by the World Floor Covering Association, 2211 E. Howell Avenue, Anaheim, CA 92806. Application to Mail at the Periodicals Postage Prices is Pending at Anaheim, CA and at additional mailing offices. POSTMASTER: please send address changes to: Premier Flooring Retailer, 2211 E. Howell Avenue, Anaheim, CA 92806.

How Are You Doing?

By Scott Humphrey, CEO, World Floor Covering Association

We hear this question multiple times daily and likely respond with a "Fine, how are you?" This interaction happens so often that we don't even wait to hear the response. It has become simply the polite thing to say. Now, that may work fine in your personal life where politeness is your end goal, but what if we changed the setting?

What if I entered your business tomorrow and asked: How is your business doing? The response would likely be different. You might begin to reveal to me how your sales are up or down, or how your margins have increased over the last few months. You might even add details about the number of employees you have added or let go. You would respond based on your understanding of your current status.

Please don't take this wrong, but I often find that the owner and top level managers are not the best people to evaluate the organization's current status. They are often viewing it from a cluttered perspective. They are so busy actively doing their own jobs that they can't see how the overall organization is functioning. Mid-level managers might give you a very different perspective on the health of your establishment. Still, they're viewing things from the inside out.

> "The perspective that's often lacking is that of our customers and potential customers. After all, it is their perception of our store that really matters."

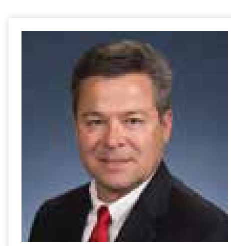
The perspective that's often lacking is that of our customers and potential customers. After all, it is their perception of our store that really matters. Do they find us responsive and knowledgeable? Are they satisfied with our selection? How do our prices compare? Better yet, how do they feel we compare with our competition? What would they say about our reputation within our community?

I know many good managers that *shop* their competition on a regular basis. This is a good practice, but it still only tells half of the story. We also need someone to shop us. This is where the concept of secret shopping comes in. This can be accomplished by hiring a company who specializes in the practice or simply using your non-business relationships to provide you feedback by posing as customers and shopping your store.

In this issue, you will find some interesting feedback on specialty flooring stores. Not our opinion, but feedback we received from secret shoppers we hired to shop Big Box stores and specialty flooring stores in the same demographic area. I am confident you will be surprised and possibly even shocked by our findings.

You will find that in many of the areas where specialty flooring retailers felt they held a solid advantage, that advantage is marginal and sometimes non-existent. **Check out the Secret Shopper story beginning on page 12** to see an analysis of the flooring purchase: in-store, in-home, the quote and follow-up.

You might be asking this question: Why would we make this investment? Because our purpose statement says, "We exist to ensure the success and profitability of the specialty flooring dealer and to represent your common interest." We realize that businesses rarely make an effort to improve in areas they have already determined strong. Therefore, it is our hope our findings encourage you to reevaluate your own strengths and weaknesses and get your business prepared for success. So let me ask you a question as it relates to your business: How are you doing? ■



Scott Humphrey

Scott Humphrey
CEO of WFCA

Only if You Can Prove It!

By Tom Jennings, VP of Member Services, World Floor Covering Association

Much has been written and said regarding the so-called disadvantages the local retailer faces in today's economy. Online shopping, big box retailers, category killers – all common terms that barely existed in our business vocabulary just a few years ago. While it is true these forms of retailing have minimized some familiar merchandising tactics, they have also brought new areas of opportunity for the independent retailer to focus upon and prosper from. One just needs to look more closely for where these opportunities exist.

I believe the first order of business needs to focus on what big box and other large retailers are doing right. Contrary to our somewhat biased opinions, they are doing a lot of things correctly. They didn't get big by accident! Does Home Depot think that store location is important? Absolutely! How does your location compare? Chick-Fil-A realizes the value of having even the most minimally skilled employees present a clean, uniform appearance. What does your customer see when your staff approaches? FedEx spends liberally to have an instantly recognizable fleet when you pass them on the street. They realize the value of both brand recognition and sense of security when they pull into your driveway. What do your customers see at first glance when your vehicles approach?

These large retailers have done the research and know what customers want. These outward behaviors have become the standard by which we judge businesses. We would all be well-served by mimicking them in some fashion. Not doing so will make us appear to be less than up-to-date in the customer's perception. While formidable competition for sure, they are surely not invincible.

"You may say that **your firm is above the competition** in the service arena, but **can you prove it?**"

We are fortunate we are in an industry where exemplary service and installation can make such a demonstrative difference, leaving great opportunities for savvy flooring merchants. As an example, large home improvement retailers market in a manner which puts emphasis on product first as they recognize where they aren't as proficient – serving the customer after the sale. This is one reason why they minimize the value of professional installation, encourage DIY, etc. They know that specialty stores have the advantage in this arena. You know that your staff can outperform them as well. The real question is, does your customer know? What are you doing to convey this message? More importantly, what credentials do you have to demonstrate this fact? As far as the customer is concerned, if you can't prove it, then it's just talk!

Again, there are lessons to be taken from large corporations. Big businesses have shown us that customers value having proof that service providers have performed well over time. Why else would prestigious companies tout Platinum Service Winner, President's Club Excellence Award, etc. if the customer didn't care? They don't view these endeavors as a cost, but rather as an investment. Remember…all the customer really believes is what she sees. You may say that your firm is above the competition in the service arena, but can you prove it?

There is a saying: "The customer doesn't care how much you know until they know how much you care!" Industry training and certification programs exist to prove your firm's prowess to potential customers. They not only serve to increase your staff's knowledge and abilities, but they can send a reassuring message that your company has the competency to execute in a consistently professional manner. This is why the WFCA offers generous trade scholarship reimbursement to its members. We recognize that a well-trained staff member makes life better for all they come in contact with.

Owners and Senior Managers: Please be mindful this is one area where you can't fake it! This attitude of customer service excellence must start at the top. This is one act that you can't delegate. Sure, you can assign the tasks involved with implementation. However, your entire staff must see your involvement with striving for a continually improving consistent customer experience. They need your lead!

Continued

PREMIER FLOORING RETAILER

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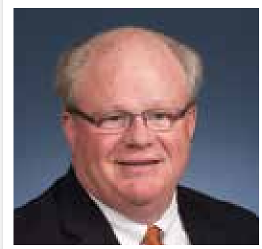
Prove It, Continued

Excellent opportunities exist to compete with the big retailers in areas where they are more vulnerable. The monetary cost is not prohibitive – and the returns can be outstanding. While the best time to start would have been yesterday, the next best option is right now! Get involved! Try it! What have you got to lose? Don't simply tell the customer ways in which your staff and services are her best option – prove it to her. Inaction only lets the box stores become stronger. That certainly would not be my business model. What's yours? ■

ABOUT THE AUTHOR



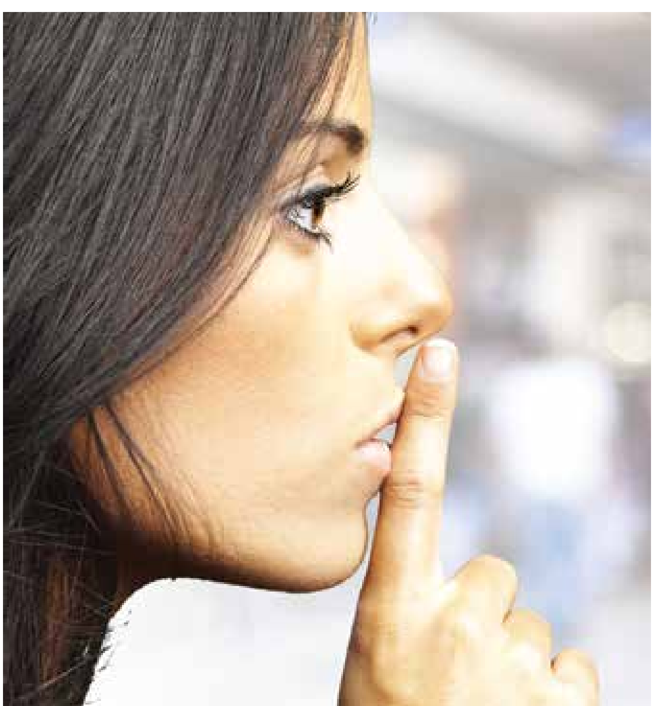
Tom Jennings is a lifelong member of the flooring business. Since selling his family's retail business in 2006, he has served the industry as an educator and speaker. He is a past-board chairman of the WFCA and is currently the board chairman of WFCA Services, Inc. and WFCA vice president of member services.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

Secret Shopper: THE REAL TRUTH of How Consumers View Independent Flooring Retailers and the Big Boxes

By David Romano, Founder and Owner, Benchmarkinc

Small businesses are the heart of the American economy. However, when it comes to what is in the heart of consumers when it comes to buy their flooring, that statement seems less applicable. The numbers over the last 10 years are staggering; 14,000 flooring retailers down to 10,700 -- a 25% decrease. At the end of 2013, Home Depot and Lowe's reported an increase in stores of 19% and 65%, respectively; Lowe's increase includes 60 Orchard Supply stores in California.

Home Depot flooring sales represent 7.5% of total store sales and average flooring sales per store are approximately $2.5 million. Lowe's flooring sales represent 5.7% of total store sales with $1.7 million in average flooring sales per store. Lumber Liquidators reported just over $3.4 million per store, but given recent events, that number may be greatly affected. A study by Benchmarkinc, from 2010 to 2013, reported average store sales for independent flooring retailers at just over $2.6 million.



"An independent professional **secret shopper** company was contracted to shop **108 flooring stores** across six major markets."

Did the independents lose market share solely to the increase in storefronts of the Big Box retailers? Was the 25% loss in retailers due to the downturn in the economy? The World Floor Covering Association and Benchmarkinc set out together to get some clarity on those questions. We wanted to see if there were any operational differences between the Big Box and independent retailers driving this trend and, if so, provide some insights as to why consumers chose to buy from one over the other.

The Process

An independent professional secret shopper company was contracted to shop 108 flooring stores across six major markets. Those stores were divided to include both independent retailers and Big Box stores (Home Depot, Lowe's, Costco and Menards).

- The secret shoppers visited each store, had a measure completed, received quotes, and some handled follow-up calls; if measure fees were required, the shoppers paid these fees in order to receive a quote. All of these events were evaluated, responses gathered, quotes collected, and experiences scored
- It took several months for all of the store shops to be completed
- The shoppers were provided detailed instructions on what products to shop and many times the same shopper shopped multiple stores in the same market
- All stores were shopped and graded in the areas of: in-store experience, in-home experience, and quote/follow-up experience
- All stores were fully researched prior to being added to the list of stores to be shopped. They represent a good mix of independents, Big Box retailers, members of cooperatives, members of franchise groups, and large volume as well as small volume stores

The Data Set

Six (6) markets were identified to account for regional differences. Those markets were Dallas, Atlanta, Phoenix, Los Angeles, Kansas City, and Philadelphia. Those six markets were then broken down into the following three categories: metropolitan, suburban, and rural.

- Metropolitan represented stores that were close to the city center

Continued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Secret Shopper, Continued

- Example: Los Angeles metropolitan area
- Suburban represented stores in areas surrounding the city center
  - Example: Bakersfield, CA
- Rural included stores located several miles beyond both the metropolitan and suburban area with at least one Big Box store
  - Example: Redding, CA

This method was utilized to see if there were any major differences related to stores in a large populous with extreme competition versus small communities with limited competition and greater level consumer awareness.

Once the markets and stores to be shopped were selected, the sample size was determined. The strategy was for the shoppers to evaluate twice as many independent retailers than the Big Box stores in each market. The number and type of stores to be shopped in each category were as follows:

- Metropolitan – six (6) independent stores and three (3) Big Box stores
- Suburban – four (4) independent stores and two (2) Big Box stores
- Rural – two (2) independent stores and one (1) Big Box store

The Questions

Each shopper was required to complete a shopping form, upload the report into an online portal, and attach a quote once the measure was completed. The shopping form was created specifically for this report and all questions were flooring specific. In total, there were 89 questions that were spread among the following categories: in-store experience, in-home measure experience, and quote/follow up.

The questions by category can be found on Pages 18-19.

In addition to completing the evaluations, the shoppers were also required to receive a quote and upload the quotes into an online system. In the database are nearly 100 quotes from both independent and Big Box retailers. Those quotes were reviewed for content, pricing strategies, and against comparable products at stores in the same market.

Questions that were not quantitative, such as, "Did they ask you to determine your needs?" were given a poor, acceptable, or excellent ranking. Once ranked, the individual questions could then be analyzed to illustrate the effect on the store rating or the customers' propensity to purchase from that store or refer friends.

The Calculations

The stores were scored, using a 100-point scale, on how the customer perceived their experience in each individual category and their overall experience. The model used for these calculations allows for the breakdown of the results by store type (Big Box vs. Independent), category (Metropolitan, Suburban, and Rural), and the ability to measure the effect of customer satisfaction.

The Results

Over the next few articles you will be exposed to what practices made a real difference in the minds of flooring consumers. This series will illustrate the overall averages for both Independents and Big Box retailers and will delve more deeply in later articles, with an examination of the 89 questions to see what business practices made a real difference for the consumer.

Further, this article will focus on the overall, metropolitan, suburban, and rural score. Below is a more detailed explanation of the classifications:

- **In-store –** covers impression of store and sales associate, product, qualification process, and general interaction
- **In-home –** covers interaction to set up measure appointment, measure methods, explanation/ expectations, and leave behinds
- **Quote/Follow-up –** covers length of time to receive quote, presentation of pricing and quote explanation, negotiations, and closing

Below are the results:

Overall Comparative Data		
Scores	Independents	Big Box
Total Score	58.9	57.9
In-Store	63.8	58.2
In-Home	59.6	66.1
Quote/Follow-Up	39.2	45.3

Continued

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Secret Shopper, Continued

Metro Classification Comparative Data		
Scores	Independents	Big Box
Total Score	58.8	59.1
In-Store	62.2	56.7
In-Home	60.7	71.4
Quote/Follow-Up	44.4	46.6

Suburban Classification Comparative Data		
Scores	Independents	Big Box
Total Score	59.9	58.6
In-Store	67.5	61.7
In-Home	60.0	61.9
Quote/Follow-Up	30.9	45.3

Rural Classification Comparative Data		
Scores	Independents	Big Box
Total Score	57.7	53.0
In-Store	62.9	54.5
In-Home	55.6	61.1
Quote/Follow-Up	35.8	41.7

The Comments

At the end of each shopping event (In-store, In-home, and Quote/Follow up), the shoppers were required to comment on each experience. Below are some verbatim comments to note. The sentence structure and spelling was not altered to give a true representation of the comments:

The Good:

- "Friendly, knowledgeable & helpful"
- "Very easy. Pleasant and knowledgeable"
- "Experience in store was great - ways to save money"
- "Very professional and identified needs"
- "Wealth of knowledge and pleasant to deal with"
- "Great; everything was handled in a timely manner"
- "Very good in terms of timing and product suggestion"
- "Didn't feel pressured and felt that the associate knew what they were talking about"
- "No surprise in the experience; very helpful and knew a lot about the products"
- "Fast and to the point. Friendly & professional"
- "Quick and Simple"
- "Brought samples and provided quote on the spot"
- "Good customer service skills"
- "Quite simple process"
- "Happy with the experience"
- "Very professional and knew what he was doing"
- "Gave ways to save money"
- "Nice and professional, understood needs and tried to accommodate them"
- "They had a specific person specializing in the area and had great customer service"
- "Better in terms of pricing and no concerns of paying too much"

The Bad:

- "Had to explain multiple times. Not fun or pleasant. Staff was not experienced"
- "Couldn't schedule a measure"
- "Worst experience"
- "No in home measuring service. Not interested in pursuing sale"
- "Not exciting; felt like the staff had better things to do"
- "Sales rep didn't seem interested in helping. Had to ask questions"
- "Wasn't greeted right away and someone was called to help. Met the person doing estimates"
- "Couldn't give appointments or quotes until you pay half, apply for finance or get approved"
- "Only one in the store and waited for someone to come greet me"
- "Only way they would measure if you commit to the purchase and install"
- "The process was simple. No one ever showed up to measure"
- "Couldn't get an appointment set up since you have

> If the Big Box stores could find a way to improve the in-store experience, then a 25% decrease in storefronts for the independent dealer over the last 10 years could only be the beginning.

to put a down payment. Liked the sales rep"

- "Seemed busy when asking questions; didn't have undivided attention"
- "Not asked for any contact information and they asked me to do all the measuring"
- "Never showed up"
- "Slowest than the other stores visited"
- "Guy who measured was not as friendly as sales rep"
- "Not happy"
- "Have to call the store to see what was put together"
- "Measuring process went smoothly. Never received follow up call or email"
- "Didn't seem eager to please and were against coming to measure the house"
- "Ok; but not good enough to get business"
- "Bad experience; you can't insist for payment before a quote or measure"
- "Worst experience with a flooring company"
- "Most difficult and complicated"
- "Did not care to make a sale"
- "Horrible. Didn't have info together to put quote together"
- "Bad experience; rude"
- "Never followed up"
- "Process was too quick; no info and didn't close sale"
- "No follow up call"
- "Frustrating to call for the quote"
- "Have not received quote"

What a relief…the shoppers really appreciated all of the "Good" things they experienced at the independent stores and boy were they upset with the "Bad" things they were subjected to at the Big Box Stores. Not so fast! The "Good" comments are related to the shopping experiences in Home Depot, Lowe's, Menards, and Costco. The "Bad" comments all occurred when shopping at an independent retailer.

Many of you may find it hard to believe Big Box stores can meet the expectations of a flooring consumer and are probably puzzled by all of the positive comments. Don't you think that maybe when evaluating the Big Box experience you may be looking at the performance with a magnifying glass because you are industry experts? Maybe your rose-colored glasses will not allow you to see that consumers do not seem to think their experience is as bad as you think it is?

Some may also find it incredulous that the bad comments came from shopping experiences with independent retailers, but what was listed were only some of the bad things they had to say. Do you think that maybe they (consumers) expect more and are willing to pay more from independent retailers and expect less and intend to pay less at the Big Box stores? If that is the case, then the independents really need to step up their game and truly deliver more to meet those expectations. If the Big Box stores could find a way to improve the in-store experience, then a 25% decrease in storefronts for the independent dealer over the last 10 years could only be the beginning.

Conclusion

A common expression heard from independent retailers is, "I don't compete with Home Depot/Lowe's/Menards because our level of service is far superior!" Although that belief is admirable and commendable, is it really true or just self-fulfilling? The data from this survey should lead an independent dealer to believe that they do indeed compete with the Big Box stores and with regard to the in-home and follow-up categories they don't compete very well. One thing is for certain: if you don't know where you stand, it is difficult to improve and this report sheds some light on the footing of independent retailers.

There are three ways the reader can absorb this data:

a) Put your head in the sand, ignore it and hope that somehow, someway Big Box stores stop gaining market share and a big public relations nightmare will tarnish their reputation and negatively affect their sales;

b) Convince yourself that somehow this study was flawed and that the results do not accurately reflect the minds of today's flooring consumers; and

c) Use this as firepower to dig deep, find ways to improve, build a better system, provide a true differentiation in either products or services, execute like never before, and teach your sales associates to tell everyone why you are the best place to shop.

More secret shopper data will be included in the September/October issue focusing on the in-store, in-home and quote/follow-up portions of the shopping experience. ■

Continued

Secret Shopper Survey Questions

Secret Shopper, Continued

In-Store Evaluation

1. Time you visited the store?
2. What was your initial impression of the store?
3. What was your initial impression of the sales associate?
4. Did you ask about carpet or hard surface flooring?
5. Once in the flooring area, how long did you wait for service?
6. What was the first thing a representative said to you?
7. Was that person speaking clearly and at a good pace for you?
8. Did they seem friendly and helpful?
9. What did they ask you about your current floor conditions?
10. Did the representative seem to be listening to your answers?
11. If you are asking about hard surface flooring, what did they ask you about subfloor preparation?
12. If you are asking about carpet, did they ask you about padding?
13. What did they ask you about padding?
14. How did they help you choose flooring materials?
15. Did they suggest something that would cost more? If so, list the suggestions.
16. What contact information did they obtain from you?
17. Did they ask if there was someone else who would be involved in your flooring decision?
18. Were you able to book your appointment in the store? If not, why?
19. Did you select a day when the representative would come out to your home?
20. Did they clearly explain what the next step would be?
21. Were you told that you would receive a phone call the morning of the appointment with a two-hour time frame of when the associate would arrive?
22. Were you given the name of the representative or service?
23. Did the representative explain how to re-schedule your appointment if needed?
24. What did the representative say they would bring with them for the evaluation? For example, samples?
25. How much did you pay for the measuring service?
26. What did they say about that fee?
27. How clear and simple was the process when scheduling measuring services?
28. Add any additional comments and suggestions about your in-store experience and process.
29. What questions did they ask about your current flooring?
30. What questions did ask about your future flooring needs?
31. Did they provide samples to check out? If so, what was the process and associated cost?
32. Did they ask about your lifestyle (children, pets, traffic)?
33. Did they ask when you are planning to make this purchase?
34. Did they ask if you have a budget?
35. Did they offer/explain financing? If so, explain what you were told.
36. Did they offer a price match guarantee?
37. How long did the process take (in min)?
38. Did you feel that the sales associate had enough knowledge on the product?

In-Home Evaluation

1. Did you receive a phone call the morning of the appointment with a two-hour time frame of when the associate would arrive?
2. Provide a detailed overview of your phone call interaction the day of the appointment.
3. Date and time the measuring began?
4. Did they arrive within a two-hour window?
5. How long were they at your home?
6. What type of flooring were they measuring for? Carpet or hard surface?
7. Was the measurer the same person you met in the store?
8. Was there anything about their appearance that was off-putting? If so, why did you feel this way?
9. Did the representative put on shoe covers?
10. Did the representative leave any dirt, footprints, or anything in your home besides some papers?
11. What was the first thing the representative said to you?
12. Was that person speaking clearly and at a good pace for you?
13. Did they seem friendly and helpful?

> One thing is for certain: if you **don't know where you stand, it is difficult to improve** and this report sheds some light on the footing of independent retailers.

14. What questions did they ask you to determine your specific needs?
15. Did the representative seem to be listening to your answers?
16. Did they make any suggestions about flooring for any other room(s), if so, what suggestions did they make?
17. Did they make any comments about the materials you planned to use?
18. Did the representative seem rushed?
19. How was the measure completed? With a measuring tape measure and pad of paper or with a computer and laser device?
20. Did the representative leave you a folder with a summary of the next steps?
21. Did the representative clearly explain what the next step would be?
22. Did they present a quote in the home prior to leaving?
23. Did the representative say someone else would call you within one business day with a quote for the materials and installation?
24. Add any additional comments and suggestions about the in-home process and experience.

Quote/Follow Up

1. After the measuring evaluation was complete, what day and time did you receive the first follow-up phone call (even if it went to your voicemail)?
2. Did the representative leave a message? If you answered yes, what did that message include (the quote, their phone number, etc.)?
3. When you spoke with them, did that person give you their name?
4. How long did it take to get the quote?
5. Did you receive a quote within 3 business days after the measurement? If no, did you have to call the store to get your quote?
6. Did they give you one amount for the entire job, including sales tax?
7. Did they break down the pricing for you? For example did they tell you the price of materials, labor, and tax?
8. Did they give you more than one alternative and quote?
9. Did they suggest something that would cost more, such as a better grade of carpet, etc.?
10. If you answered, yes, what did they say?
11. Did the representative ask if you had any questions?
12. Did the representative try to set a date for the installation?
13. Did the representative say when you would pay for the service?
14. When you said no or let me think about it, did the representative stay polite?
15. Did the representative ask you when you would be making a decision?
16. Add any additional comments and suggestions about the phone quote experience and process.
17. How was the quote presented?
18. At any time were you told about a price match guarantee?
19. At any time were you told about any special offers (examples: a flat fee to carpet whole home, free upgrade of the padding or carpet). If so, what was offered?
20. Were you directly asked for the sale?
21. Did they ask why you decided not to purchase?
22. Did they negotiate a price when you declined the quote?
23. Would you make a purchase with this company?
24. Would you refer this company to a friend?
25. Did you decide to actually have the work done?
26. Based solely on the stores you mystery shopped for this project and the service you received, which company would you buy from and why?
27. How did your experience with this store compare with shopping for flooring you've done, unrelated to this research?

ABOUT THE AUTHOR

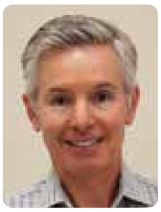
David Romano is founder and owner of Benchmarkinc and its predecessor, Romano Consulting Group. David's professional career spans nearly 20 years of management experience in the retail, restaurant and consulting industries. His companies have been providing consulting, benchmarking, and recruiting services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

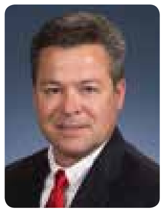
2015-2016 Board Set on Enhancing the Industry for the Greater Good of All

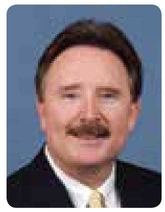
By Leah Gross

2015-2016 Chairman and Board of Directors


Scott Walker


Paul Johnson


Scott Humphrey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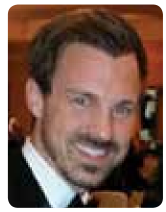
Scott Appel


Maryanne Adams


Melissa Murphy


Jason Fromm

The World Floor Covering Association (WFCA) elected Scott Walker chairman of its 2015-2016 board of directors at the recent annual board meeting in Newport Beach, CA. Walker is president of Walkers Carpet One Floor & Home in Bellingham, WA, and took office on July 1, 2015. Paul Johnson of Interiors One, Inc., in Tulsa, OK, will become immediate past chairman of the WFCA.

The board of directors also elected Nick Freadreacea, president, The Flooring Gallery, Louisville, KY, as chairman-elect; Maryanne Adams, president/chief executive officer, Avalon Flooring, Cherry Hill, NJ, as chief financial officer/treasurer; and re-elected Melissa Murphy, Johnson Paint & Decorating, Columbia, MO, as secretary; Scott Appel, president, Touch of Color, Harrisburg, PA; and Jason Fromm, owner, Carpet Spectrum Inc., Lomita, CA, as co-vice chairmen; and Scott Humphrey, World Floor Covering Association, ceo. These board members will comprise the association's executive committee for the 2015-16 fiscal year ending June 30, 2016.

The WFCA elects a third of its board of directors each year for three-year terms. Present board members confirmed the membership's choice of three new members for terms beginning July 1, 2015: Tom Cartmell, senior sales/project manager, The Blakely Group, Indianapolis, IN; Karyn Hadley, president and general manager, Rite Loom, Anaheim, CA; and Tim Jacobi, president, Jacobi Carpet One Floor & Home, Hastings, NE.

The board also confirmed the re-election of Appel and Carrie Seifert, president, sales & marketing, Diversified Flooring, Edgewater, FL, as members, and the election of Paul Murfin, President, IVC, Inc., Dalton, GA, to a three-year term as an associate board member.

The WFCA has seen a lot of changes over the past few years. These include: a new CEO, a new magazine and a renewed emphasis dedicated to the growth and success of the professional flooring retailer. With all of our changes and the new executive team, we asked our incoming chairman and a few of our new and seasoned board members to share their perspectives on where we are and where we are headed.

We interviewed the following WFCA board members for their insights and ideas:

- Scott Walker, Incoming Chairman (SW)
- Nick Freadreacea, Chairman Elect (NF)
- Scott Appel, Executive Committee Vice Chairman (SA)
- Maryanne Adams, Executive Committee Treasurer (MA)

How long have you been a member of the WFCA? When and why did you join?

SW: We were strongly encouraged to join the WFCA a number of years ago by CCA management. Once a WFCA member, our store also became a member of the Washington State Floor Covering Association (now the Flooring Association Northwest), which has been a very active affiliate for many years.

WFCA became a real force in my life when I became a board member following Jay Kopelson's referral in 2009. I did a great deal of research at that time on the history of WFCA and its predecessors. I also learned about the Association's then current programs and initiatives and became very excited when considering what the organization could accomplish for the industry, its members, and their communities.

NF: I have been a member of the WFCA for a long time, going back to the days when I worked for Kinnaird and Francke in the 1990's. Back then I only knew about the WFCA because there were always manuals in the stores that the Association

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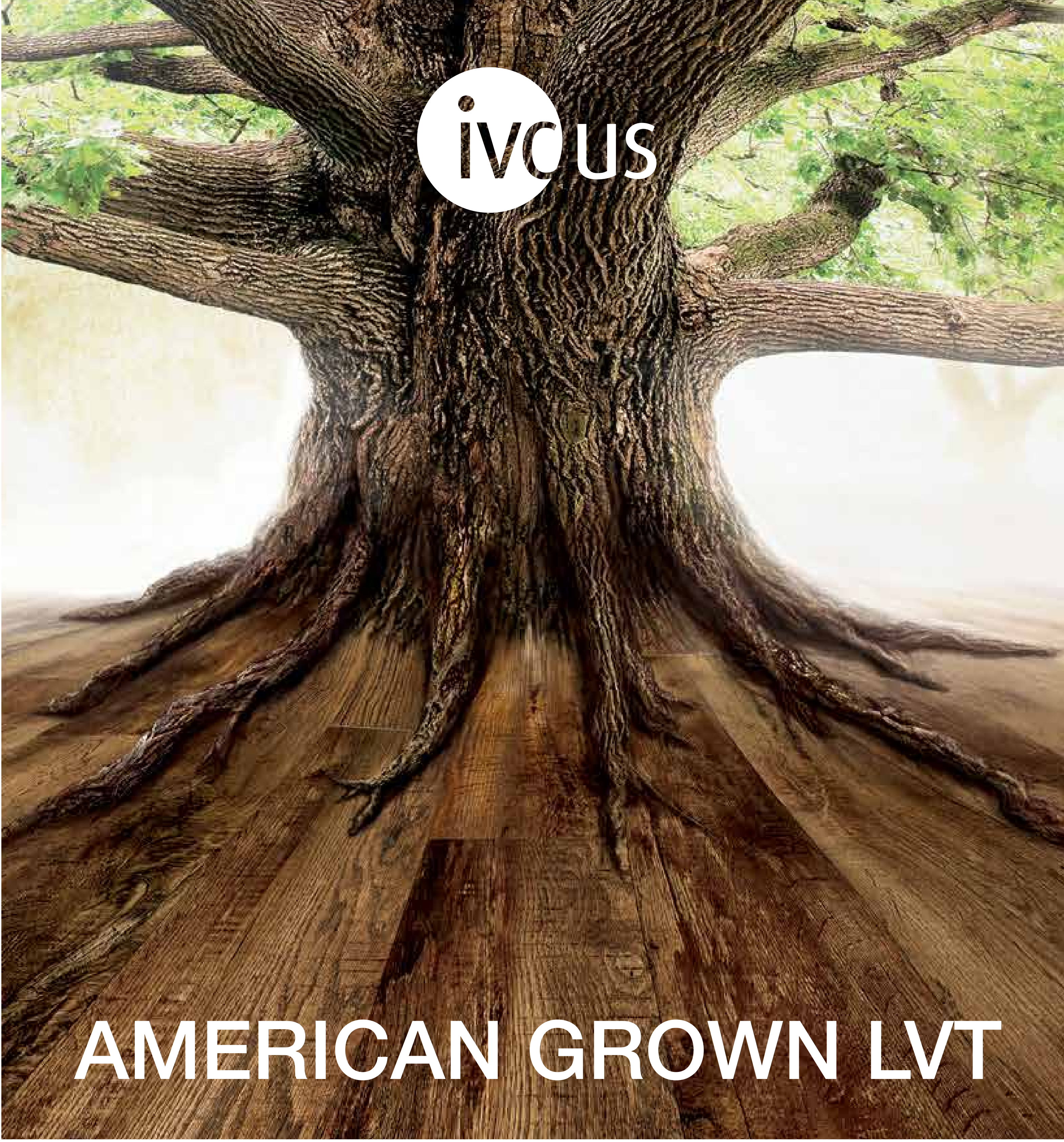

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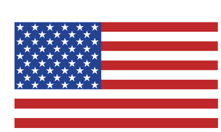

If you are **in this industry** and you want **to continue to prosper and thrive** in the future, then **you need to be a part of the WFCA.**

WFCA Board, Continued

had provided. When I bought my own company, The Flooring Gallery in 2000, I joined the WFCA as a member and was asked by Paul Murfin if I would be interested in being on the Board of Directors. I said "yes" because I felt that it was important to be a part of something that was so good for the entire industry. The flooring business is a place that an entrepreneur can work hard and be successful, and I liked the idea that the WFCA supported the industry as a whole. After several years on the Board, I was asked to sit on the Executive Committee and from there progressed to the Chairman for the 2010-2011 year. I am now on the Past Presidents Council, serve as Chairman of the Finance committee, and am a member of a couple other committees. As you can see, you can be as involved with the WFCA as you would like to be.

SA: I joined the WFCA as a board member in 2012 and have been a member for the past three years. I joined to do my part to help make a difference in the floor covering industry as a whole. It is my way to help give back and hopefully help others.

MA: I have been a member of the WFCA for nearly 15 years. Initially I was attracted to joining the WFCA because of the tremendous features, including the Dealer Locator tool on their popular consumer website: wfca.org. I have to admit that I didn't fully understand the benefits of WFCA membership until I was asked to be on the Board. I now know and appreciate the tremendous position the WFCA is in to implement positive change for all.

What do you hope to accomplish in your position with the WFCA?

SW: The board of directors consists of Keith Campbell, board chairman of Mannington Mills, Paul Murfin, co-ceo of IVC USA, Bob Weiss, ceo of All Tile, Inc., and the principals of 18 professional floor covering dealers representing all market segments and most geographic regions of the U. S. and Canada. Board members receive no compensation other than reimbursement for out-of-pocket expenses. They share an unselfish commitment to the improvement of the floor covering industry and dedicate their time to the WFCA to further the goals that they have identified as necessary to secure that improvement.

In July of 2013, some board members joined with the new CEO Scott Humphrey and other key staff members and spent three days redefining the purpose of the WFCA. We ended the meeting realizing that we had exchanged shotguns for lasers.

The entire board ratified all decisions made there. All recognized that all parties were being harmed by the direction in which the industry was headed. Dealers were losing market share to the box stores, and many were going out of business. Manufacturers were witnessing the compression of their customer base and the concentration of purchasing power in fewer, larger customers, thus putting inevitable downward pressure on the negotiating position of manufacturers. The installer community was declining in numbers and in level of skill. The consumer was inevitably going to be hurt by a combination of all of these forces.

Incoming board chairman Scott Walker (right) of Walkers Carpet One Floor & Home, Bellingham, WA, with store executive team members.
Photo by Todd Hague

We recognized that to reverse the course, many things had to occur, and the WFCA was well positioned, well capitalized, and had the right leadership to lead the charge. Included on our priority list were the adoption of uniform installation standards, contributions toward the recruitment, professional training and certification of installers, the development of programs to assist in the advancement of operational and

Continued

We are much stronger united through the WFCA and our voice is much louder when we combine strength with others.

WFCA Board, Continued

marketing excellence for dealer members, the promotion of positive legislative changes and the reduction of negative regulatory burdens affecting our dealers, and an increase in public knowledge and awareness of floor covering products and installation requirements.

We have launched a number of specific programs and are about to do so with others, all in furtherance of our core purpose. My primary responsibility as chairman of the board is to insure that we keep our eyes on the ball and stay the course.

NF: I have been blessed to see many parts and pieces of the association. At one time I was probably the youngest person on the Board and looked to the more experienced people for direction and guidance. Now I like being a part of making it grow under Scott Humphrey's leadership and hope my experience can be of value to the newer members of the Board and organization. I will be joining the Executive committee again and look forward to supporting the vision of the WFCA.

SA: As chairman of the Education Committee, I hope to advance several initiatives to help independent retailers compete more effectively against the Big Box stores. These initiatives are installation training, sales training including the "Beating the Box" online training, & leadership/soft skills training.

MA: I think we can all recognize that our industry faces a lot of issues. As a Board member, I hope to play an integral role in helping to bring about some of the necessary changes that need to take place in order to begin to tackle and resolve these issues and preserve our industry.

First and foremost on the list of issues is the lack of installers. If we don't stop and figure out how to properly attract and train installers we are all going to face major problems down the road. Have you considered that no matter how big and powerful your company is you can't sell what cannot be installed? Companies of all sizes, even the Big Box stores, now face the same problem. We cannot ignore this issue. We need to come together as a group.

We are much stronger united through the WFCA and our voice is much louder when we combine strength with others. Together we can bring about changes that will help all. I want to be a part of some of this good change that is going to happen in our industry moving forward.

What are you most excited about with regards to the WFCA looking forward?

SW: Through sound vision, firm commitment and collaboration the WFCA is poised to bring about some sweeping changes that will enhance our industry at all levels. I am not at liberty to disclose the nature of our forthcoming news but I can assure you it will be warmly received by all and will be a true game-changer for our industry. Together we can and will drive the growth that will take our industry to the next level.

NF: The most exciting thing to me is that there is a clear direction for the organization and that we are truly working to become the unified voice for the industry. The WFCA is the only place where there is no other agenda besides helping the flooring retailer and growing the industry. I feel for the first time that we have the ability to be the focal point and advocate for all industry issues, from the Marketplace Fairness Act to a new training program that will help the installers at a local retailer's store to all of the other objectives that we continue to identify. There is a broad spectrum of wants and needs that the WFCA can address that would help all members involved.

SA: I am really excited to see the independent retailer start to take back market share that has been lost to big box retailers through the Great Recession. I am confident that the WFCA has the right tools available to help the little guys compete with the big box.

MA: I am most excited about our new leadership. I truly feel that Scott Humphrey is going to be the driving force behind tackling the issues that are most pressing in our industry. He is very visible, is well-connected and is a true visionary. Whether it is our installation problem, public affairs issues in Washington, DC or any number of other problems we face that stand in the way of our growth and success, Scott is the person that can take the WFCA to the next level.

Where do you hope to see the WFCA in 5 years?

SW: To be successful in affecting the changes we hope to see occur, the WFCA must come out of the shadows and become recognized as the leading voice of the industry. It must be accurately perceived as the unbiased leader in fulfilling its core purpose – ensuring the success and profitability of the professional floor covering dealer. If that has occurred and the members have embraced the programs made available to them, within five years the membership in the WFCA and the market share of the members of the WFCA will have

Continued

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The WFCA is the only place where there is no other agenda besides helping the flooring retailer and growing the industry.

WFCA Board, Continued

increased dramatically and the consuming public will have become more informed and better served.

NF: My hope is that our vision is spread to as many people as possible and that we can be the organization that will allow the independent flooring retailer to grow and prosper. I have watched too many industries virtually disappear because they never developed a unified platform to make their needs heard and to protect their interests. The backbone of the flooring industry is locally- or regionally-owned dealers invested in and determined to serve their respective communities. For their own sake and for the sake of the manufacturers that supply them, these retailers need to survive and be profitable.

SA: I intend that the WFCA be recognized as the top-of-mind organization for the majority of flooring retailers as their industry partner to help them grow their business and become more successful and profitable.

MA: I see the WFCA as a valuable organization that is focused on the issues that touch everyone in our industry - not just retailers. By helping retailers we are keeping the engine that drives our industry healthy. The bottom line is we all have one common goal - to improve our industry.

What would you say to prospective members who have not yet joined the WFCA?

SW: There are so many different and varied reasons to become a WFCA member, some very tangible and others somewhat less. Anyone considering joining should review the exclusive member benefits itemized on our website. It is an excellent and expanding list. Obvious items are the trade scholarship, a host of discount programs and even this magazine, but one should dive a lot deeper. Let me give you a few key examples, one very personal.

Like so many dealers, my company was hurt badly by the recession and its aftermath. My company would not be here today were it not for the guidance provided by Dave Romano and his company Benchmarkinc. The financial consulting services provided by Benchmarkinc are one of many exclusive member benefits.

Our legal counsel, Jeff King, is one of the finest, brightest and most knowledgeable attorneys I have ever met. His published advice and insights into the major challenges facing each of us when dealing with state and federal taxing and regulatory agencies and other common issues are available to all members. Very few dealers could afford paying for Jeff's knowledge and guidance, which comes to members at no cost.

No other organization in the floor covering industry advocates for the industry as a whole. Every day Lobbyit.com, the firm chosen by the WFCA to represent our interests, is involved with members of Congress, their staff members and the federal regulatory agencies on key legislation and regulations impacting all of us. At key times Scott Humphrey and his team are directly involved.

If Reagan had said, "Mr. Gorbachev, I represent 8% of the citizens of the United States – Tear Down This Wall," I bet that wall would still be standing. When Scott Humphrey testifies before Congress, he needs to be able to say that the WFCA represents all of us.

NF: I would advise anyone who has not joined the WFCA and is interested in doing so to speak to one of the current Board members and ask for our personal experience. Being a part of the WFCA allows us to effect things on a much larger scale. By combining our voices together we can make a bigger difference on issues that affect all of us. What the WFCA does just by their lobbying efforts in Washington alone is enough to make the membership worthwhile. The information we gather on legal and legislative issues are things that affect all of our businesses, but is something that the normal business owner simply does not have the time or resources to become involved in. When you combine that with the WFCA's scholarship program for continuing education it virtually pays for the membership; it is an unbeatable association to join.

SA: Joining the WFCA is a no brainer in my book. Believe me it is totally worth the price of admission - plus through their trade scholarship program members get up to $500 back annually by attending industry events - events that you would attend no matter what anyway. Listen, a gym membership is only good if you use it every month. If you take advantage of the tools that are given to you by the WFCA you will see positive change in your business. I promise! There is no better value out there than the WFCA. All of this and they work on our behalf to help independent retailers take back market share from the big box stores. Need I say more?

MA: If you are in this industry and you want to continue to prosper and thrive in the future, then you need to be a part of the WFCA. We all face the same issues and we need to come together to find solutions. The WFCA is the only organization of its kind that looks to enhance the industry to benefit all. ■

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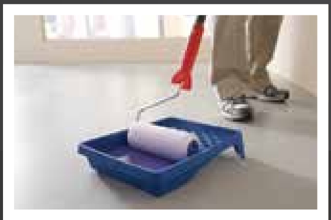

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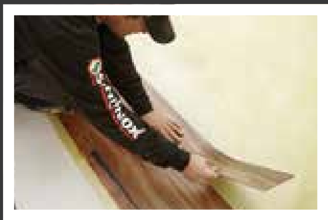

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Do I Need an Employee Manual, (Part II)?

Basic Provisions for Your Employee Manual

By Jeffrey King, General Counsel for the WFCA

Part I, appearing in the May/June 2015 issue of *Premier Flooring Retailer,* provided a brief overview of employee manuals, outlined the benefits and dangers of having an employee manual, set out certain precautions that should be followed, and identified some pitfalls to avoid. Part II will provide guidance on what you should consider including in your employee manual.

What should be included in the manual depends on the type of business, your particular needs and state and local requirements. You should take the time to identify what is important to the business. Do you care about your employees' appearance when they are at work? Do you provide company vehicles and need to establish policies on their use? Are you concerned with employees using company computers for social media or text messaging while on the job? Do you need a drug-testing program for the company? If an issue is important to you, it should be addressed in the employee manual.

> It is important to point out that the **manual does not make any promises** about continued employment or create a contract.

While there is no one-size-fits-all employee manual, there are some basic provisions every company should consider including in its manual.

1. The Disclaimer: It is important to point out that the manual does not make any promises about continued employment or create a contract. Accordingly, the manual should provide:

> This manual is not a contract, expressed or implied, nor does it guarantee employment for any specific length of time. Either the Company or you can end the relationship at any time, with or without notice and with or without reason, to the extent allowed by law.

This disclaimer is so important, you should consider putting it both at the beginning and the end of the manual for emphasis. As explained below, each employee should sign an acknowledgment that he or she received a copy of the manual. The signature block should include the following notation:

> By signing below, the employee acknowledges receipt of the employee manual and that the manual is not a contract or a guarantee of employment.

2. The Policies Are Subject To Change: It is important to leave a little wiggle room because times change, new issues come up, and you may need to make revisions. The manual should include a provision that states:

> The policies included in this manual are guidelines only and are subject to change, as the Company deems appropriate and necessary. From time to time you may receive notice of new or modified policies, procedures, benefits, or programs.

The manual should also make clear that it is the final word on company policies. Consider including the following language:

> This Employee Manual supersedes and replaces all previous policies and procedures including, but not limited to, all memoranda, prior manuals, written policies, and oral statements or assurances, which may have been issued on the subjects covered in this manual.

3. Employee Acknowledgement Page: It is important to include an acknowledgment page that the employee

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A well-written manual can enhance your communications with employees, establish clear goals and obligations and avoid misunderstandings that often lead to litigation.

Employee Manual, Continued

signs and returns. The acknowledgement should state that the employee received a copy of the manual, and understands it is their responsibility to read and follow the policies. The signature should include the notation suggested above that the manual does not make any promises about continued employment or create a contract. It is a good practice to have the employees acknowledge they have received each update as it is issued. Once the acknowledgements are signed, they should be put in the employee's personnel file.

4. Company Goals and Mission Statement: While not required, a brief section discussing the company's history and its mission can help set the tone for an employee manual. Lay out the company goals and mission statement at the beginning so employees feel a sense of purpose and duty.

5. Legal Requirement: There are policies you need to include in an employee manual by law. The U.S. Department of Labor spells out information for employers about federal laws that impact workplace issues on its website at www.dol.gov. Your state also will likely have a similar website. It is illegal to violate or misstate laws in your manual, so make sure you have done the research. This is another reason why having a lawyer review the manual is a good idea. Most manuals should include the following:

a. Family Medical Leave Policies. The federal government's Family Medical Leave Act requires that employers of certain size must provide employees with up to 12 weeks unpaid leave during any 12-month period for the birth or care of a child, to care for an immediate family member with a serious health condition, or if the employee has a serious health condition. Many states have their own policies regarding unpaid family leave, as well.

b. Equal Employment and Non-Discrimination Policies. The U.S. Department of Labor requires many businesses to post information stating that the business follows non-discrimination and equal employment opportunity laws in hiring and promotion. In addition, there may be state requirements. The employee manual can be used to provide some of that information.

c. Worker's Compensation Policies. Many states require that employees be informed of worker's compensation policies in writing. The employee manual can provide a convenient place to provide this written notice.

6. Sexual Harassment and Discrimination Policies: You should clearly state that your company has no tolerance for harassment or discrimination of any kind. The manual should specify how and to whom an employee can complain of harassment, what procedures you will follow to investigate complaints, and that harassers are subject to termination or other disciplinary action. Designate several people in the company to receive employee complaints, and state that there will be no retaliation against any employee for filing a complaint. Having and enforcing a written complaint procedure can help shield your business from liability if an employee later sues for illegal harassment or discrimination.

7. Appropriate Employee Definitions: This is one of the places where word choice matters most. Use clear definitions to distinguish full-time workers from independent contract workers. Make sure to avoid using the word "permanent," as this word has legal implications that could land you in trouble with a disgruntled employee.

8. Define Job Classifications: The manual should include a basic description of the duties of each job classification. The description should indicate whether the job is an exempt or nonexempt position under state and federal wage and hour laws.

9. Clearly Defined Work Week: Make sure you state the work-week as the seven-day period during which you calculate overtime. State the normal working hours for full-time employees, rules for part-time employees, and how overtime compensation can be authorized for those entitled to it. Do not define the work-week as Monday through Friday or you could find yourself in a bind, unable to ask employees to work weekends. Also describe your company's policies regarding work hours and schedules, attendance, punctuality and reporting absences, along with guidelines for flexible schedules and telecommuting.

10. Pay and Salaries: You as the employer determine salaries, bonuses and raises. Clearly explain to your employees that your company will make required deductions for federal and state taxes, as well as voluntary deductions for the company's benefits programs. In

Continued

> Having and **enforcing a written complaint procedure** can help **shield your business from liability** if an employee later sues for illegal harassment or discrimination.

Employee Manual, Continued

addition, you should outline your legal obligations regarding overtime pay, pay schedules, performance reviews, salary increases, time-keeping records, breaks and bonuses.

11. Leave Policies: Taking leave is definitely an area that is best dealt with early in the employer/employee relationship. Include policies on all types of leave your company permits, such as vacations, sabbaticals, sick days, jury duty, and maternal leave. Explain the rules relating to paid, and unpaid leave. The manual should clearly indicate if only some employees are eligible for a certain type of leave. Include restrictions to leaves, such as when employment can be terminated for excessive time off or when employee benefits could be affected. Also, make sure you establish that employees must receive approval of vacations ahead of time with you, and whether priority for leave time is based on seniority or a first-come basis, or if there are times when vacation cannot be taken. This way, you will not find your office empty during popular vacation weeks.

12. Employee Benefits: This is certainly an important topic for employees to understand. There is no need to provide all of the details in your manual, as everything should be covered in plan descriptions, but it is a good idea to highlight benefits here. Having this short explanation can enhance employee comprehension, and it also provides a bit of relief from the rest of the manual by highlighting some perks of the job. For programs run by an outside provider, such as health, other insurance, and retirement benefits, refer employees to the official plan documents that explain the rules.

13. Problem-Resolution Procedure: You should spell out the standard procedures for any employee to report work-related grievances. This sends a good message to employees, letting them know you care about your employees and their satisfaction with their jobs.

14. Disciplinary Policies: This is by no means the most popular section of an employee manual, but is essential for a well-functioning company. Define the types of conduct that can get employees in trouble – for example, theft, violence, repeated performance problems, or fighting. Be sure to let your employees know that this is not an exclusive list and that you always state in your employee manual that your company reserves the right to terminate employment for reasons not stated in the manual, for no reason at all or "any other behavior proven to be detrimental to the company." Even though you may never have to rely on this language, at least your employees will know where they stand.

The manual should explain the consequences of their actions, but do not lock yourself into a plan of action by using absolute statements. For example, if the manual provides that the employee has a right to be heard before firing or some other procedures, your company could be required to follow those procedures before firing anyone.

15. General Policies and Procedures: This is where you can take care of all the basics, clearing up any confusion employees might have. Cover dress codes, pay periods, time sheets, telephone use, holidays and anything else pertinent to your business. You may want to consider the following items.

a. Drug and Alcohol Abuse. Many businesses have a policy prohibiting employees from using drugs or alcohol in the workplace. Some require drug testing; some offer to help employees deal with substance abuse through counseling or employee assistance programs. Include this information in your manual.

b. Attendance. Emphasize the importance of good attendance and showing up on time. Explain that numerous unexplained absences or repeated tardiness can be a basis for disciplinary action or termination.

c. Employee Safety. Reinforce that employee safety is a major concern of your business and that employees are expected to follow safety rules and report any potentially dangerous conditions.

d. Smoking. Most businesses need a written policy for on-the-job smoking; in fact, some states require employers to have a written smoking policy. Because many cities and some states now prohibit or restrict workplace smoking, you will have to check local ordinances to be sure your policy is legal.

e. Computers and Technology. Policies for appropriate computer and software use should be spelled out. The policy should include steps to secure electronic information, especially any personal identifiable information you collect from your customers.

f. Electronic Communications. Include your company policies on use of email, the Internet, social networking sites, blogs, and so on. Due to the fact that you may have to read employee communications (for example, if one employee accuses another of sending harassing email), your policy must tell employees that their communications may be read and are not private. If you monitor employee communications, say so.

g. Workplace Civility. State that employees at all levels of the company are expected to treat each other with respect and that the success of the business depends on cooperation and teamwork among all employees.

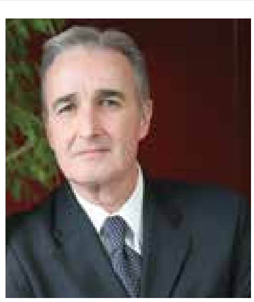
h. Media Relations. It's a good business practice to have a single point of contact for all media inquiries. Your employee manual should include a section that explains how your employees should handle calls from reporters or other media inquiries.

16. Conduct not Covered by the Manual: You cannot write an employee manual that will cover every possible workplace situation. It's best to make this clear to your employees by saying so in the manual. Otherwise, your employees may argue that any action you take outside of what's explicitly set forth in the manual is unfair.

Conclusion

There is no standard or perfect employee manual. If you decide to have one, be sure that it addresses your concerns and is consistent with federal, state and local requirements. You also need to regularly update the manual, have your attorney annually review it, and consistently apply and follow the manual's procedures and obligations. A well-written manual can enhance your communications with employees, establish clear goals and obligations and avoid misunderstandings that often lead to litigation. ■

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 WFCA and other trade associations, and is a LEED Accredited Professional. For more information, contact him at (561) 278-0035 or jeffw@jkingesq.com.

Luxury Vinyl Floors: Still a Growing Market

By Annette M. Callari, Chairholder, Color Marketing Group International, Allied ASID

Luxury vinyl floors continue to command an impressive share of the floor covering market—a percentage that has been growing year-over-year. According to an independent market research study conducted by the Freedonia Group in Cleveland, Ohio, U.S. demand for hard surface flooring will rise 5% per year to 9.3 billion square feet in 2017. Vinyl will remain the largest product segment and will grow the fastest, followed by tile and wood. The residential market will outpace nonresidential uses, with remodeling and replacement applications remaining the largest segment.

This comes as no surprise to veterans of the floor covering industry who have experienced this increased demand first hand. As expected, the by-product of this growth trend is an influx of many new LVT suppliers (both domestic and abroad) joining the mix. That is both good and bad. The basic principles of supply and demand are at play here. A market saturated with too much product will drive prices down, and no one wins in a race to the bottom. But reputable new suppliers mean healthier competition and more creative product development.

Certifications are important in identifying quality products. You want to be sure that the products you represent meet all U.S. standards. Longevity of your suppliers is another hallmark in finding credible products with strong after-sale support. Quality brands will perform well and provide warranty coverage to insure that performance. So with these parameters in mind, let's take a look at just a few recent product introductions by some LVT manufacturers (in alphabetical order), already firmly established in the marketplace:

Armstrong has five striking new additions to the company's Alterna engineered stone flooring collection. **Artisan Forge** offers a rustic look of metal that has been weathered by time and the elements. Here's a floor that begs to be complimented time and time again. **Enchanted Forest,** with an intricate texture of timber, is cast in stone to create a structured concrete look that's infused with a delicate wood grain. Rossini Marble features graceful veining found in marble in cool gray tones underscored with a hint of warm beige. **Urban Gallery** is inspired by recent linen trends in ceramic and porcelain. **Whispered Essence** and **Regency Essence** are concrete-infused collections that blend ethereal soft gray tones with shimmering iridescent motifs.

Congoleum offers **DuraCeramic** luxury tile in 16" x 16" and 12" x 24" sizes in stone, wood and concrete looks and **Timeless** in 9" x 48" luxury planks, 6" x 36" wood patterns; **Structure** collection in 20 wood styles, 9" x 48"; Endurance SmartLink Collection, 11 wood styles in 6" x 36" sizes; **Impact SmartLock**, 13 wood styles in 7" x 47.75" sizes, 3 styles in 5.75" x 47.75"; and **Impact**, 13 wood styles in 7.25" x 48" sizes, 3 styles in 6"' x 48".

EarthWerks – EarthWerks offers an extensive line of floating luxury vinyl planks and tiles in their **LinkWerks**, and the new **Parkhill** and **Regalia** collections. Regalia is an unexpected mix of smoky wood tones, blended beautifully to create a truly distinctive floor. The 20 mil wearlayer with Tuff Shield offers superior scratch and scuff resistance.

Earthwerks Parkhill

Gerflor – The **Saga² Collection** offers commercial comfort aesthetics with the look of textiles, natural woods, and nature's best stones interpreted into LVT. The woven look patterns are especially inviting and offer something quite different.

IVC – Embellish is comprised of 11 rich, diverse wood plank SKUs embossed in register (EIR) and are all in XL format (9.69" x 58.98"). Embellish seeks to take LVT to the next level of realism and striking beauty. In fact, the definition of Embellish is to make something more attractive by adding decorative details and special features. In addition to Embellish, **Moduleo** by IVC US also features the **Horizon collection** and **Vision collection**, which features 48 eye-catching wood and tile SKUs, respectfully. The entire Moduleo Collection – Embellish, Horizon and Vision, are 100% water resistant and will resist scratches, scuffs, stains and indentations. All Moduleo products feature residential and commercial warranties and are available in both click and dry back applications.

IVC Castle Oak from Moduleo Embellish Collection

Continued

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For information regarding our extensive line of sustainable vinyl flooring, please call 800-275-7943 or visit us online at www.earthwerks.com

Luxury Vinyl Floors, Continued

Karndean DesignFlooring – Karndean has a comprehensive range of luxury vinyl woods, stones, and iconic styles. They've just introduced their **Art Select Stones** collection, an impressive, internationally-inspired ensemble of travertines, slates, limestones and marbles. The 30 mil protective wearlayer with K-Guard makes this collection suitable for commercial as well as residential applications.

Karndean
Melbourne - Log Cabin

Mannington/Amtico – The **Amtico Access** collection is something really different, specifically designed for projects that require a quick installation. Access can be fitted without the need for a permanent adhesive. This collection of 29 products has a 0.55mm wear layer and is an ideal solution for areas with raised floor access.

Mannington
Adura Iron Hill

Metroflor/Aspecta – In the quest for "the next big thing" within the LVT/LVP market, Aspecta (the contract arm of Metroflor) has developed a design hybrid with their Piermont Collection. These painted "woods" feature a unique layered finish combining a pearlescent effect, abstract design, and a wood embossed texture resulting in a contemporized plank floor fit for a variety of applications, from corporate to retail. The UV-cured urethane finish with ceramic bead coating makes this a true performance product.

Mohawk – The **Global Entry** collection from Mohawk deserves some special attention. Each of the five 20 mil LVT and LVP styles reflects true global inspiration: **Antiek** is inspired in Scandinavia where wide, natural woods are regaled for their inherent beauty. **Matuto**, named for the Filipino word for teacher, features eye-catching colors that energize and stimulate creativity. **Morikato**, inspiration from the Japanese word for forest, offers a vast color line of timeless natural hardwood visuals and cutting edge charred wood, cerused grains, and linear composite styles. **Sereno** features a pattern that blurs the line between contemporary concrete and serene sandstone visuals. **Shikumen's** all-over pattern pays homage to ancient frescoes, but offers the raw edge of a repurposed building.

Novalis – Many of their well-designed vinyl wood planks and tiles have the option of being made into floating floors. **NovaClic Kempten** is a locking floating floor designed specifically to address challenging subfloors. NovaClic incorporates the patented Unilin click system, an adhesive-free installation system. The newest lvt collection: **Birkdale** comes in 18 sku's in x-large planks (9" x 60"), x-large tiles (18" x 36" including groutable tiles) and pre-packaged multi-width planks (5", 6" and 7" widths x 48"). Both residential and commercial LVT products are part of the Novalis range of products.

Novalis
Weathered Oak Cabin

Parterre – Collectively speaking, LVT manufacturers seem to be developing bolder, more high-contrast patterns and wood grains in order to differentiate their line and attract more attention from the A & D community. As a fashion statement, Parterre embraced a countertrend to this direction and introduced **Sensatia.** This collection embraces a high sophistication with patterns in a lighter, softer-toned color palette. The five subtle patterns were built for mixing/ matching to produce a one-of-a-kind floor, reflective of a designer's individual creativity.

> According to the Freedonia Group, U.S. demand for hard surface flooring will rise 5% per year to 9.3 billion square feet in 2017.

Raskin Industries – Raskin is well known for two specialty products: **Elevations Loft,** a floating, resilient, gravity-grip flooring system; and **Formations** luxury resilient tiles and planks. Beautiful vinyl woods and stones provide authentic representations of natural materials. The Elevations Loft system has intrinsic characteristics that make it quite unique: gravity grip non-skid backing; Fiberglass sheet for extra dimensional stability; G88 advanced coating system; made from 75% recycled content; water resistant; and an extra sound absorption layer. These features combine to make Elevations a solution product, especially for commercial applications. Winner of an Adex Platinum Award for its Interwoven Collection in 2015.

Raskin
Elevations, Tusk Style

Shaw – Quiet Cover is Shaw's new introduction in an LVT floating floor construction–with special acoustic properties built-in. An innovative silencing layer reduces sound transfer and exceeds IIC ratings. One more impressive feature of Quiet Cover, it contains 72% recycled content. These beautiful wood planks come in wide plank format and have a 20 mil protective wearlayer. Approved for residential or commercial applications. **Floorté** is an enhanced evp collection, featuring a Fold-N-Tap locking system and LifeGuard waterproof core.

Shaw
Floorté, style Premio

Tandus Centiva – Inspiration can come from the most unexpected sources. Tandus Centiva product development managers visited their soft surface finishing plant and were captivated by the look and texture of the scrim material used to stabilize carpet backing. Appreciating the beauty of this natural-looking, yet man-made material, they were determined to develop a new LVT floor tile featuring this aesthetic. The end result is a stunning new introduction called **Substrate**, a durable LVT that brings the look of an architectural textile to the floor.

US Floors – The patent-pending construction of COREtec Plus features an extruded core made from recycled wood and bamboo dust, limestone, and virgin PVC. COREtec Plus is 100% waterproof and can be installed in wet areas and will never swell when exposed to water. COREtec Plus is inert and dimensionally stable; it will not expand or contract under normal conditions. Further, COREtec Plus never needs expansion strips in large rooms. Each COREtec Plus plank has an attached cork underlayment for a quieter, warmer vinyl floor that is naturally resistant to odor-causing mold and mildew. Products include a 5" and 7" plank. Also available is COREtec Plus XL in 9" wide by 6' long planks in wood and stone patterns.

US Floors
7" COREtec Plus Plank in Alabaster Oak

This mini-tour of what's trending in luxury vinyl floors is only a brief representation of what is available. Manufacturers seem to be racing to bring innovative, solution-driven vinyl floors to market. End users will be the benefactors in that race. It's an exciting journey and the next few years will continue to bring unprecedented styles to the U.S. market. ■

ABOUT THE AUTHOR

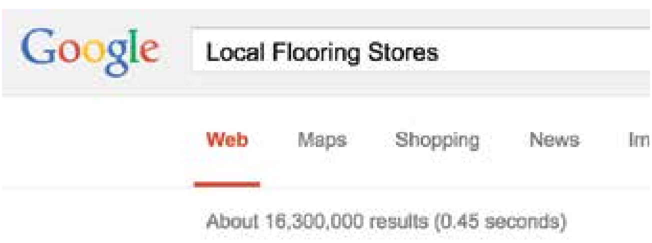
Annette Callari is an interior design expert with over 20 years of residential and commercial design experience. An allied member of the American Society of Interior Designers and a Chair Holder of the Color Marketing Group International, she is the Southern California commercial sales specialist for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

Keep Your Google Local Listings Verified

By John Simonson, President, Flooring Web Solutions/Webstream Dynamics

You probably haven't noticed all the noise across the Internet about the recent changes Google has made to their search engine algorithms and local business listings.

For most flooring businesses, the changes to Google's local listings are critical because they can affect your company's placement in Google's search results. Some of these changes are more drastic than others so it's in your best interest to be aware of them.



> The advantage to claiming and verifying your business listing in Google is so you can manage your listing for accuracy, as well as... enrich your listing and engage more potential flooring shoppers.

What are these changes? Google is making changes that may affect your business listings in local search results. A good example of this is when people are searching Google for local businesses within a geographic area, such as carpet stores in Boston, or hardwood flooring in Dallas. These types of searches bring up website listings from both Google+ Local, as well as organic listings based on the content found within various websites.

A little background: Google+ Local is really a large compiled database that includes verified and unverified local business listings. A **verified listing** is one where a business has gone in and claimed the business and Google has verified your claim. An **unverified listing** is based upon various data sources from Google partners without the business claiming the listing or information's accuracy.

The advantage to claiming and verifying your local business listing in Google (called Google My Business) is so you can manage your listing for accuracy, as well as add additional content including: store hours, services, photos and videos to enrich your listing and engage more potential flooring shoppers. Your Google local business listing will also show up on mobile devices, which can help shoppers using Smartphones call your store, get directions and much more.

Recently, Google acknowledged their intent to un-verify business listings that they deem inactive. To make sure your business listing are not changed to unverified status, you need to regularly log into your Google local business listings. You will have to do this even if you claimed your listings many months ago. Google will be sending out an email to remind you to log in. If you do not log in, Google says they may change your business listing to unverified, which means anything you had originally added may be removed by Google. Some recent blog posts I have read online claim their business listings were changed to unverified status by Google. The result? These businesses had to go through the verification process again, and then re-add their unique content including photos, videos and other enriched information.

To claim your listing, go to Google My Business –https://www.google.com/business/. For Google My Business help, go here: https://support.google.com/business/answer/3039617?rd=1. Once you're logged in, you can even request a call with a Google representative or do an online live chat.

Also, there has been a lot of press recently about Google going after template geo-targeted service area landing pages. These pages feature the same content with a small change of the city name. Businesses are creating these supplementary pages to target cities surrounding their physical locations. Unfortunately, creating multiple pages with the same content and just swapping out the city name may get you in trouble with Google. Even if you do this for your actual store listings and just swap out the city, you may be negatively affected. Always use unique, quality content on what is relative to the page. By keeping the Googlebots happy, you'll see your Google search placements improve. To learn more about location pages, see: https://developers.google.com/webmasters/business-location-pages/

The other major change you should be aware of is the need to ensure that your website is mobile-friendly. I wrote about the importance of this in the May/June 2015 issue of *Premier Flooring Retailer*. Websites that are mobile-friendly are starting to receive a boost in Google's search results when flooring shoppers conduct searches from their Smartphones, this includes the local store listings. Since more and more consumers are using Smartphones it really makes good sense to have a website that automatically adjusts to the device's

> By **creating unique content** on your website, you're **keeping both Google and your audience informed** and up-to-date on all your products, services and business.

display size and have mobile friendly features such as phone numbers that can be tapped with a finger to call the business. Finally, if you want to get a more targeted audience from Google, then keep your Google local listing active and up-to-date. By creating unique content on your website, you're keeping both Google and your audience informed and up-to-date on all your products, services and business. There are no easy short cuts; the Googlebots are a lot smarter than you think. ■

ABOUT THE AUTHOR

John Simonson, president of Flooring Web Solutions and Webstream Dynamics, has provided web design, SEO, e-commerce and web marketing to the flooring industry for over 17 years. Email: john@ flooringwebsolutions.com.

Independent Contractor Quiz:

Are Lowe's Installers Employees or Independent Contractors?

In the March/April issue of *Premier Flooring Retailer*, we presented 10 basic questions each flooring dealer should ask to determine if its contractors are independent or employees. The more yes's, the more likely contractors will be considered independent; the more no's, the more likely they will be employees. The 10 questions were:

1. Is there a contract?
2. Is the independent contractor established as a separate business?
3. Do contractors supervise themselves?
4. Do contractors control the means and manner of performance?
5. Can contractor refuse to wear company clothing, etc?
6. Do contractors supply their own equipment and training?
7. Can contractor work for others and refuse work?
8. Is fair payment monitored (e.g., average hours)?
9. Can contractor make a profit or incur a loss?
10. Is work independent of company's business (or integral to company's business)?

Each of the next several issues of *Premier Flooring Retailer* will include the fact of actual cases. The decision or settlement in that case will then be revealed to see if you properly predicted the outcome based on answering the 10-question test.

Case 2: Lowe's Installers

Lowe's entered into contracts with home improvement contractors comprised of both individuals and businesses. Lowe's offered its customers the opportunity to hire these contractors to install products and services purchased from Lowe's. Such installations included flooring, appliances, kitchens, bath and plumbing fixtures, doors and windows, garage doors, lighting, outdoor fixtures, and insulation. The contract provided that the contractors were independent and not employees. Lowe's also marketed the installers' services as "Let Us Do The Installation For You" with our "trained installers," whose services were guaranteed by Lowe's warranty.

Lowe's required the contractors to:

- Identify themselves as "installers for Lowe's" or "I work for Lowe's";
- Wear Lowe's hats and shirts at work sites;
- Use signs stating "Lowe's Installation";
- Attend training by Lowe's; and
- Comply with Lowe's production requirements.

In addition, Lowe's managed each installation, set production requirements, established the fees paid by the customer to each home improvement contractor and imposed a non-compete covenant on installers.

The installers filed a class action lawsuit on behalf of all Lowe's installers in California, claiming they were misclassified as independent installers instead of employees. *Shepard v. Lowe's HIW, Inc.*, No. 12-CV-03893-JSW (N.D. Cal. May 23, 2014). The installers alleged that Lowe's failed to provide them with an array of benefits that were available to employees, including comprehensive group medical insurance, prescription drug coverage, vision care, group life insurance, paid sick leave, paid vacation, tuition reimbursement, employee discounts for purchases, short and long term disability coverage, a stock purchase plan, and a matching 401(k) savings plan.

See answers on page 44 to see who is correct—Lowe's or the contractors.

Members See Positive Market Changes

LVT Leads Sales Rise, Carpet Tops Profit Margin

By Jeff Golden, Editor

Eighty-eight percent of the Q1 2015 Members Market Trend Survey rate the quality of products made in the United States and Canada versus Asia higher, with 11% the same; and just 1% worse. Products from Europe were viewed more favorably, with products from the US/Canada rating better than those from Europe by 33% of the panel. Sixty percent of the respondents viewed US/Canada and European product quality the same, and 7% viewed the US/Canada products as being worse than those from Europe.

Seventy-five percent of respondents actively promote flooring products made in the United States or Canada to their customers. Of the 70% of panelists with customers asking for products made in the United States or Canada, just 20% had more than half of their customers requesting products made in the United States or Canada. The study found 58% of customers were not willing to pay a premium for these products. The survey panel sourced and sold flooring products from around the world as just 4% sold flooring products from the US and Canada.

The panel sees the greatest opportunities in the industry today in many areas:

Green products, builder sales, better training for salespeople and installers, recapturing business from the box stores, luxury vinyl products, the ability to raise prices for higher profits, and online sales.

Carpet was the product segment producing the highest profit margin.

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. The research has been conducted at quarterly intervals throughout the year to provide an accurate analysis of the data. We saw increased participation of retailer members in the southeast and Midwest section of the U.S. With this study, each area tallied 25% of the respondents – larger than in past studies.

The greatest changes in the industry are the increased online sales and internet use by consumers who educate themselves prior to entering the store. One panelist noted the sharp movement from carpet to hard floor products – as indicated by carpet sales that were 10.24% in Q1 2015 compared to 21% in Q1 2014. Another concern mentioned was the increased amount of manufacturers and distributors selling direct to consumers.

The need for more quality installers continues as many departed the industry in the downturn and have not returned as the volume of business has increased. This is the most important challenge to 43% of the panelists.

The Q1 2015 survey continued with growth in the residential segment with 69% of respondents realizing growth. Most (31%) had a sales uptick between 1-10% from the same quarter in 2014; 20% saw an increase of between 10-20%; and 18% had sales growth over 20%. **(See Chart 1)**

1. Residential Sales in Q1 2015 Compared to Q1 in 2014

	Same	Down > 20%	Down 10% - 20%	Down 1% - 10%	Up 1% - 10%	Up 10% - 20%	Up > 20%
Q1	11%	5%	5%	10%	31%	20%	18%

The category producing the greatest sales volume growth continues to be luxury vinyl tile as reported by 41% of the panel, followed by hardwood, 21%; carpet, 14%; tile/stone, 9%; laminate, 3%; resilient, 2%; and other, 10%.

The commercial segment was also up in Q1 compared to the same period in 2014 with 32% of the survey group realizing an increase of between 1-10%. An additional 16% of the panel saw their commercial sales rise between 10-20%, and 14% had increased sales of over 20%. Twenty-three percent said their commercial sales were even with last year. **(See Chart 2)**

Continued

The **need for more quality installers** continues as many departed the industry in the downturn and have not returned **as the volume of business has increased.**

Market Study, Continued

2.	Commercial Sales in Q1 2015 Compared to Q1 in 2014						
	Same	Down > 20%	Down 10% - 20%	Down 1% - 10%	Up 1% - 10%	Up 10% - 20%	Up > 20%
Q1	23%	4%	3%	8%	32%	16%	14%

In the builder segment, 49% are seeing an increase in sales with most in the 1-10% range, another 32% say their sales are comparable to the same period in 2014. Nineteen percent report sales in the category are dropping. **(See Chart 3)**

3.	Builder Sales in Q1 2015 Compared to Q1 in 2014						
	Same	Down > 20%	Down 10% - 20%	Down 1% - 10%	Up 1% - 10%	Up 10% - 20%	Up > 20%
Q1	32%	2%	7%	10%	31%	11%	7%

The laminate category continues with the slowest volume growth in the Q1 2015 for 40% of the panel. Carpet and tile/stone were next at 14% each, resilient, 12%; hardwood, 10%; luxury vinyl tile, 2%; and other, 8%.

Carpet was the product segment producing the highest profit margin for 48% of the survey panel. **(See Chart 4)** Comparatively, 40% of our respondents said the hardwood segment produced the lowest profit margin in Q1 2015 due to competition/price erosion and/or increased production costs. Other segments producing low profit margins were: laminate, 19%; carpet, 13%; tile/stone, 10%; resilient, 8%; luxury vinyl tile, 5%; and other, 5%.

4.	Product Segment Producing the Highest Profit Margin in Q1 2015		
Carpet	Hardwood	Laminate	LVT
48%	17%	6%	12%
Resilient	Tile/Stone		Other
4%	9%		4%

All product categories either increased or remained the same compared to the same period in 2014 with luxury vinyl tile leading the way for 73% of respondents; carpet with an uptick for 56% of the panel; and hardwood, up for 52% of the survey group. Even the laminate category showed growth for 25% of the respondents; 30% sales unchanged from Q1 2014, while 45% reported a sales decrease.

Fifty-four percent of the panel has plans to expand or update their showroom this year, with 11% adding a location and 3% planning to close a location. Sales team training is planned for 70% of the respondent companies, while 54% will also have installer training.

Topping the list of planned capital expenditures is software/hardware for fcB2B by 44% of the panel; increased inventory, 40%; new vehicles, 38%; new machinery, 30%; new warehouse, 20%; and new location, 10%.

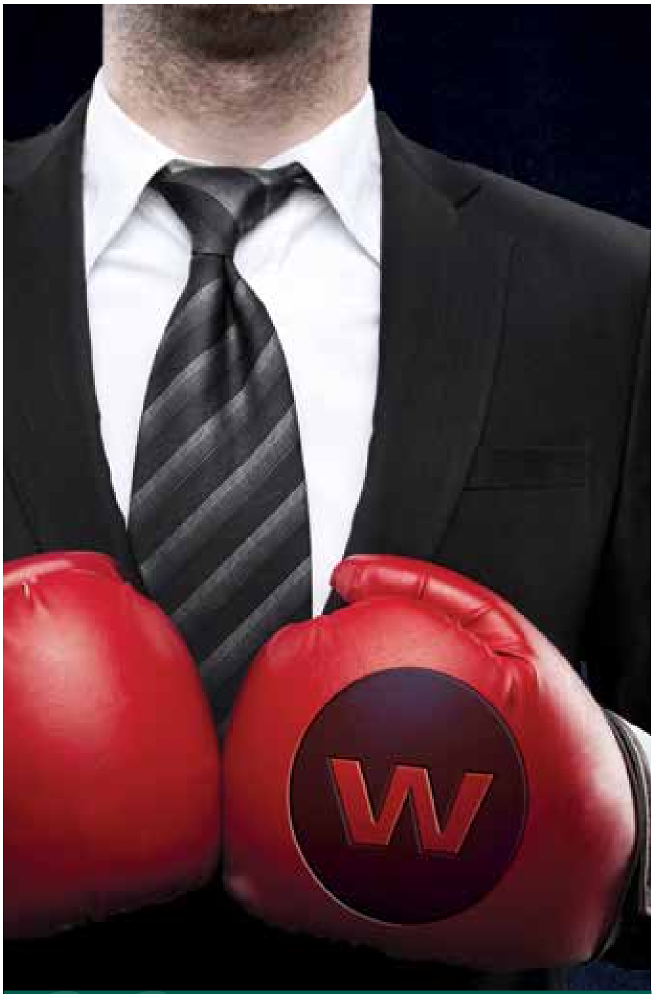
These are just some of the findings from the Q1 Market Trend Survey. A complete report is available to current World Floor Covering Association members. For your report, please email Jeff Golden, *Premier Flooring Retailer* editor, jeff@pfrmagazine.com. ■

Beating the Box!

By Michael Vickers, Executive Director, Summit Learning Systems

Beating the Box was created in partnership with the WFCA because of the overwhelming need by independent flooring retailers to compete more effectively against their big box rivals.

The Beating the Box online program has seven comprehensive modules made up of proven strategies and tactics to help you not only beat the box, but beat anyone you are competing against. The practical strategies in this program have been used successfully by many flooring retailers to become the preferred provider in their markets and they can work for you!



"...start winning more business with the strategies and tactics presented in the Beating the Box program."

In Module 1 of the program, you will learn the relationship between emotion and logic and how you can activate your customers' emotional buying triggers and influence their purchasing decisions. It's about exceeding the customer's expectations. This program will teach you how to apply two rules to create a "high touch" experience with your customer.

Rule #1. Take a standard service offering and up-level it. By examining all of your touch points (we show you how to identify them) you can determine what needs up-leveling and what is fine just the way it is. For example are you sending out thank you notes? What about recognizing them on their installation anniversary? What are your installers doing to make Mrs. Customer comfortable when they are in the home? When was the last time you visited or upgraded your sales process? Are you losing business because your salespeople are using the worn out and over-used traditional model of selling? If the customer is shopping, they will quickly realize that most flooring stores operate the same way and you will be relegated to commodity status. (That means they will want a major discount or they will go running to talk to an orange or blue apron.)

In Module 2, you will learn the new model of selling that today's leading flooring retailers are using to win business profitably.

In Module 3, you will learn that it's not who has the lowest price that wins the business; it's who has the best customer conversations. This module will teach you the questions top flooring retailers are using to pique customer interest, build trust and establish credibility with their customers. For example, if you ask the customer: "What is your criterion for making a purchasing decision?" They will list price as a major determining factor. Instead, try asking: "Is price your only criteria for selecting a flooring provider?" the will most likely answer with a "No". Your next question should be: "What is your criteria?" The customer will then proceed to tell you all of the variables that are going to go into their decision-making. You will receive an inventory of these questions that you can put to use immediately.

Module 4 will show you how to apply the Rule of Three and the F.A.B. (features, attributes and benefits) formula to increase your sales and profitability. This strategy alone will multiply your return on the investment in this program, not to mention it will increase your overall margin as well. If you are presenting only one quote to your customer, don't ever discount it. All the trust you built up is going out the window. If after you present your quote the customer says "yes", you

Continued

> It's **not just** about providing **good service** any more in today's economy. Often, it's the **best customer experience that wins.**

Beating the Box, Continued

just left money on the table. This program will show you how to stop guessing when it comes to price and maximize your profitability without risking the sale. Remember, to effectively compete against your competition, you have to focus on your strengths as an independent flooring retailer versus the inherent weakness of the big box stores. We will show you how to position against those as well.

In Module 5, you will learn how to change the perception of your customers and position your unique differences and values to win the business. We all know that perception is reality. Wouldn't it be nice if you could understand your client's perceptions and then present your definable and defendable differences between you and the competition?
It's not just about providing good service any more in today's economy. Often, it's the best customer experience that wins. The rule is simple, experience trumps service.

In Module 6, you will learn the key strategies and tactics that top flooring retailers use to create a customer experience that easily outshines the big box stores. This strategy will help you increase your customer referrals while reducing your marketing budget. It's about positioning your value added services and aligning them with the buyers purchasing criteria.

Module 7, the final installment in the program, will show how to bring it all together to drive additional sales with key after-the-sale-strategies that will differentiate you from the competition and nurture your customers for years to come.

If you have been trying to figure out a way to get your people to compete more effectively against your competition (particularly the big box stores), then this program is for you and your team. The small investment required ($197 less your WFCA Credit) is a drop in the bucket compared to the return you will receive and should expect. More sales for you and more commissions for your people is the end result.

Now is the time to stop worrying about the competition and start winning more business with the strategies and tactics presented in the Beating the Box program. ■

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.

Independent Contractor Case Study Answers:
From the Quiz on Page 39

1. Is there a contract? —Yes
2. Is the independent contractor established as a separate business? —Yes
3. Do contractors supervise themselves? —No, Lowe's managed each installation
4. Do contractors control the means and manner of performance? —No, Lowe's set production requirements
5. Can contractor refuse to wear company clothing, etc.?—No
6. Do contractors supply their own equipment and training? —Yes and No
   a. Contactors required to attend training by Lowe's
   b. But contractor provided own tools
7. Can contractor work for others and refuse work? —No
8. Is fair payment monitored (e.g., average hours)? — Not known
9. Can contractor make a profit or incur a loss? —No, Lowe's set the fees
10. Is work independent of company's business (or integral to company's business)? —No

There were six and a half no's, two and half yes's, and one maybe. Based on the questions, the installers are likely employees. The court agreed, and approved a class action settlement where Lowe's paid the installers $6,500,000, plus an additional 25% payment for plaintiffs' attorneys' fees.

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