Premier Flooring RETAILER

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May/June 2014

Educate Your Staff with Product Knowledge, Technology and More.

Ryan Gaylord of Oregon Tile & Marble provides product knowledge at the Flooring Association Northwest Market.

Design Snapshot – Hardwood Floors

Insurance: What Do I Need and What Does It Cover?

Finding and Retaining Good Employees

brought to you by the wfca WORLD FLOOR COVERING ASSOCIATION

Premier Flooring RETAILER
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Volume 1, Issue 3

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WFCA WORLD FLOOR COVERING ASSOCIATION

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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.

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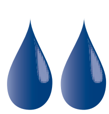
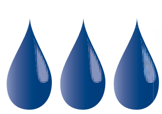
$$			• Radiant heat approved • Tenacious bonding strength • Easy to clean up, won't harm finish surface	• All flooring including solids up to 8" wide
$$		 +  or 	• Superior adhesion • Superior moisture control system • 100% GREENGUARD System	• All flooring including solids up to 8" wide and up to 95% RH or 18 lbs
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Education: An Important Part of Your Business

By Scott Humphrey, CEO, World Floor Covering Association

Whether you have a new retail business or have been part of the floor covering industry for many years, the business climate is changing at hyper-speed. To help keep retailers informed of changes affecting the industry, *Premier Flooring Retailer* provides continual educational opportunities; changes in legal matters; and management, sales training, leadership and business building techniques.

> **For more than 50 years**, the World Floor Covering Association has been **providing** the **leadership, influence and resources** that have **shaped our industry** today.

All of the stories in *Premier Flooring Retailer* are retailer-focused with a simple goal of providing flooring retailers the information they need to be more succerssful businesspeople and integral partners to their distributor and manufacturer vendors. Why? Retailers are the hub of the wheel and the key to success for the industry as a whole. With an ever-growing group of retailers driving growth and prosperity, all segments in the industry will be successful.

For more than 50 years, the World Floor Covering Association has been providing the leadership, influence and resources that have shaped our industry today. As the premier trade association representing every segment of our industry, we are now undertaking an effort to ensure the success and profitability of flooring professional retailers with our new association publication, *Premier Flooring Retailer*.

As a new association benefit, *Premier Flooring Retailer* is a vital means of communication and a vehicle to share best practices across our entire membership base. The key to the industry success; a resurgence to professionalism and increased profitability for all segments is the specialty flooring retailer.

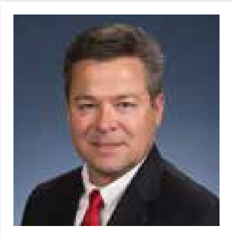
The topics covered in each bi-monthly issue are needed by today's entrepreneur. And, we have assembled the most knowledgeable, exclusive group of columnists. It is truly a Who's Who group including Tom Jennings, Jeffrey King, Annette Callari, David Romano, Josh McGinnis, Stacy Eickhoff, Pamela Bowe, Michael Vickers and more. We are dedicated to training independent flooring retailers, their salespeople and installers through the pages of *Premier Flooring Retailer*! Other educational opportunities need to be available in-store, at trade shows, and via webinars from your manufacturer and distributor partners.

After just two issues (Surfaces 2014 introduction), retailers, distributors and manufacturers are enthusiastically cheering the content in *Premier Flooring Retailer* magazine. Supported by flooring industry manufacturers and distributors, *Premier Flooring Retailer* has elevated education to another level. The goal of our publication is to continually build strength and knowledge within your dynamic flooring marketplace.

Flooring and installation product manufacturers can include their marketing message in the pages of *Premier Flooring Retailer* and reach our total 10,000 circulation (WFCA members and additional flooring retailers). **Your message will reach the key audience of specialty retailers in a publication created especially for them.** Our advertising rates provide the best ROI for your marketing dollars. WFCA associate members also get a special 20% discount on ad rates.

Contact Dan Lipman at (805) 368-3867, or Jeff Golden at (805) 444-1472 to discuss the marketing opportunities available in *Premier Flooring Retailer* magazine.

Together we can and will impact this industry to allow all to be more profitable. ■

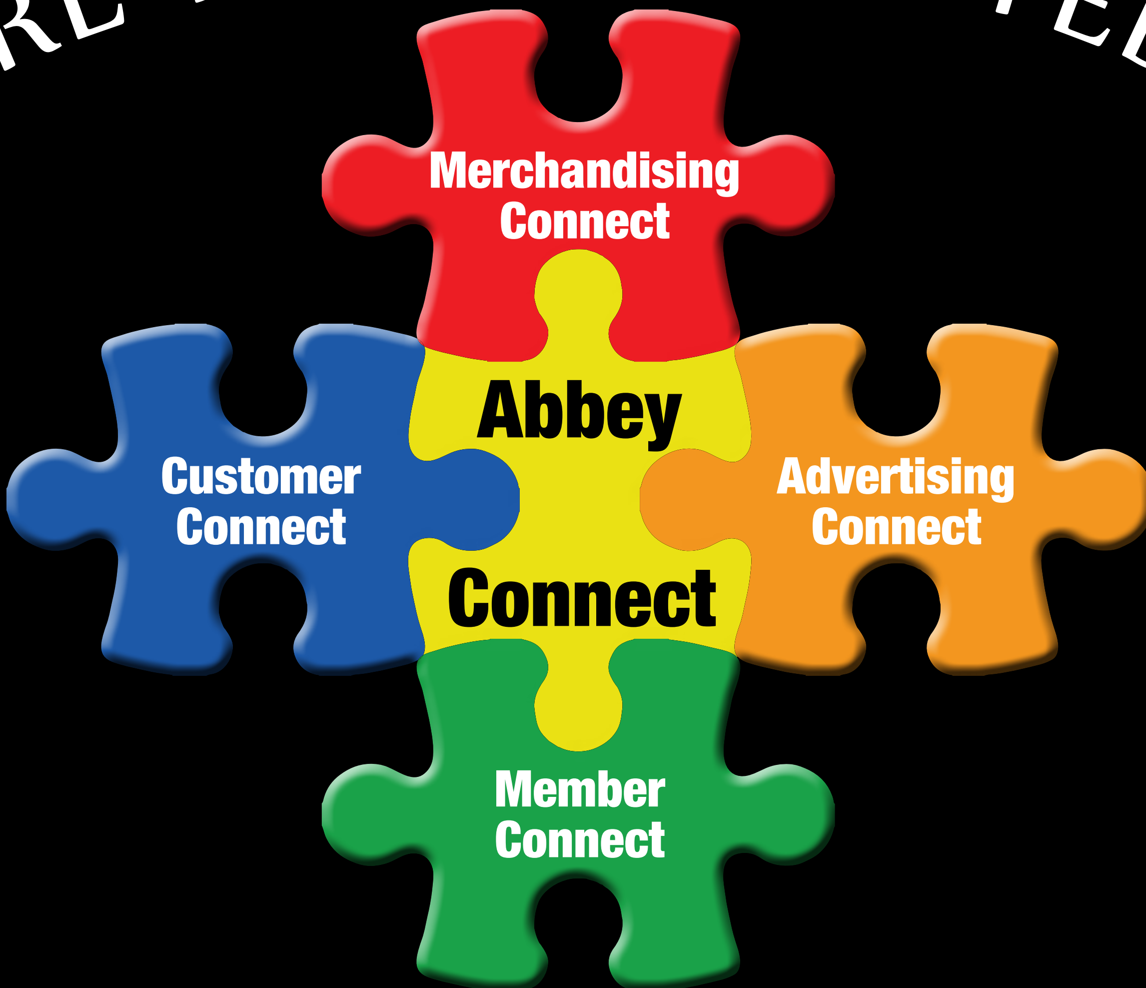


Scott Humphrey
CEO of WFCA

WORLD FLOOR COVERING ASSOCIATION

On the Cover: *Ryan Gaylord of Oregon Tile & Marble provides product knowledge at The Market, a trade show sponsored by the Flooring Association Northwest (formerly the Washington State Floor Covering Association) as associate Patti Studley, looks on. Photo courtesy Austin Tott Photography.*

ARE YOU CONNECTED?



Turn the page to find out how the pieces CONNECT!

Abbey Carpet & Floor®

Help Me Help You!

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

An adage that I hear far too often is that, "nobody wants to take the time to properly learn a skilled trade anymore." Quite frankly, I feel it is simply an excuse. My feeling is, and the numbers bear me out, that only a few businesses are far-sighted enough to properly teach skills and trades today.

According to an Accenture survey published recently by *USA Today*, only 21% of employees said they've acquired new skills through company-provided training over the past five years. Worse still is the fact that only 19% reported receiving formal training outside the workplace.

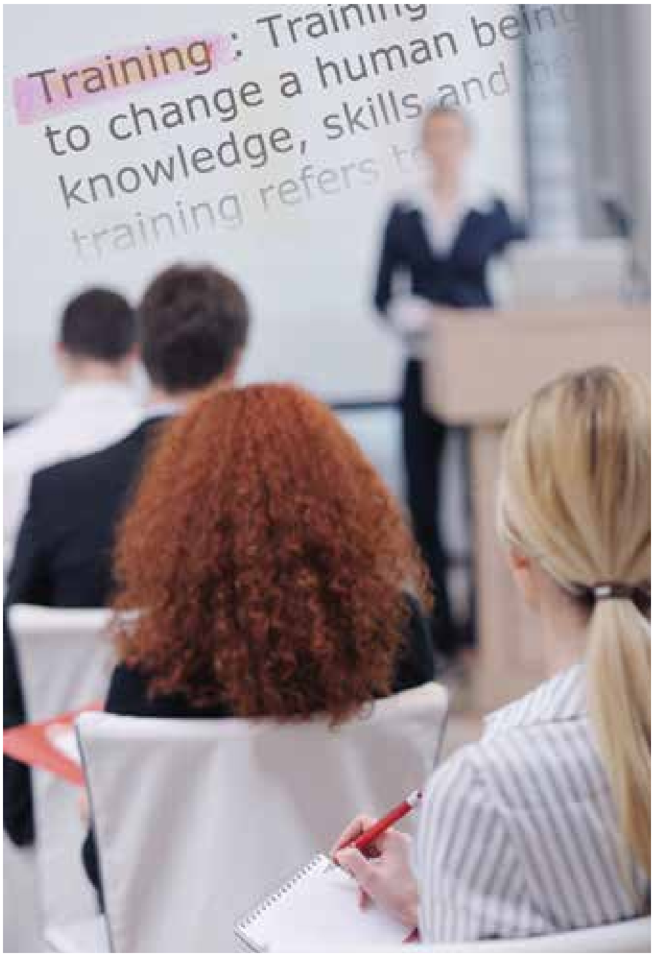
By contrast a generation ago, the average worker received 2½ weeks of training per year. The sad fact is that most workers that I encounter in the average flooring store, whether in sales or installation, haven't had 2 ½ weeks of professional training in their entire careers! How sad is that?

A saying that I use constantly is that we must "inspect what we expect." With only one in five workers receiving significant training, can we really expect to give or receive good service consistently? With 63% of the survey respondents reporting that their only training came from on-the-job experience, do you think that the percentage of mistakes made will be higher than need be? How would you feel about training coming at your expense when you are the customer? Is there any doubt these mistakes carry significant costs both now and in the future?

Sure, training has a price tag attached. Nothing worthwhile comes free. But what is the cost of an untrained or undertrained staff? Lower staff confidence levels, higher job dissatisfaction and resultant turnover, more dissatisfied customers, higher claims ratio, improper products being sold, etc. are a few that come to mind.

I don't believe it is a coincidence that a generation ago, when the training rates were much higher, employee turnover rates were much lower. Workers who were invested in by their employers tended to be more invested in their place of employment. It was far more common for one to spend many years with a company. Workers who were actually skilled in their trade tended to settle in to a productive routine. To me, all involved were better served.

The reality is that there is no "installer tree" that qualified workers are going to fall from, anymore than there's a "money tree" that we all heard about from our parents in our youth.



If you really believe a qualified salesperson is just waiting to come to work for you, then you must still believe in the Easter Bunny and the Tooth Fairy, too!

I fully understand the risk when you invest in training an employee only to have them leave your company. You tend to see your loss on investment quickly in this scenario. Never fun! The greater risk, though, is to leave them undertrained and have them stay! The losses here are less obvious, like a slow leak, but over time even more costly. Plus, as a WFCA member, you have up to $500 in annual trade scholarship funds that you can use to help defray the costs. Are you putting these funds to good use for your business?

Again, inspect what you expect. Our fundamental desire to live better lives has not diminished. Job candidates who desire to learn and grow still exist. They are just desperately in need of someone to take an interest and really teach them. Avail your sales and support staff to the variety of online

Continued

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MEMBER CONNECT: Provides our Members with person-to-person contact with an experienced customer service representative to assist with daily issues that may confront them.

ADVERTISING CONNECT: Provides Members the opportunity to connect with our in-house advertising agency. Customized advertisements are created for Members to promote their business to prospective customers in their local trading area.

If you would like to learn how we can **CONNECT** with you and your business in order to help you successfully compete in today's changing retail environment, please contact:

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Brought to you by the World Floor Covering Association

Help Me Help You, Continued

training courses at your disposal. Most product vendors stand ready to assist your staff members at your request.

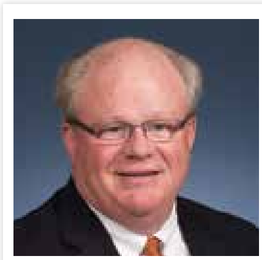
Don't fail to make your installation team, seasoned veterans and rookies alike, aware of CFI and other certification events occurring in your area. If your installers are using the same tools and techniques from just two years ago, the odds of an installation failure go up dramatically. How are they to know if you don't coach them?

> "With only one in five workers receiving significant training, can we really expect to give or receive good service consistently?"

Would you want to have a dentist perform work for you that didn't have training in the newest methods of dentistry? I sure wouldn't! I also wouldn't want my flooring installed by someone living in the past either!

Odds are that someone took an interest in you, and desired to see your knowledge grow, as your career progressed. It's now time to pay it forward. Make sure the current generation of your staff members has every opportunity to be successful as well. All involved will be better for your having done so. ■

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.

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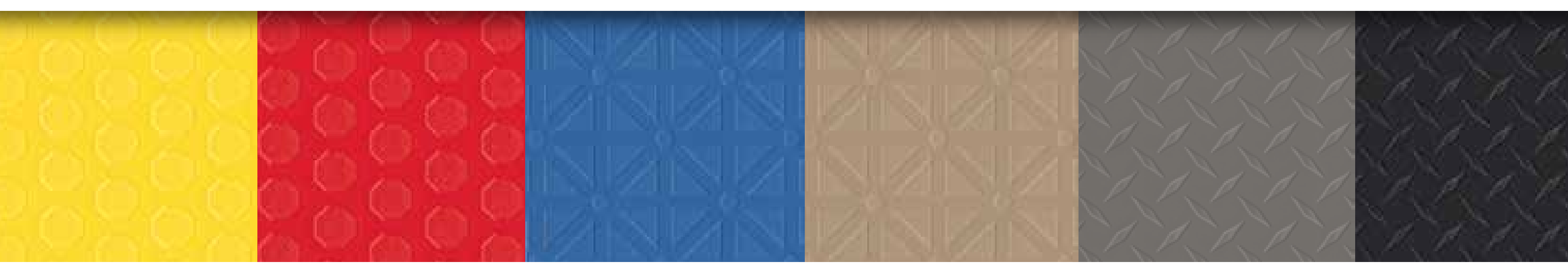

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Design Snapshot – Hardwood Floors

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

The phenomenal demand for hard wood floors continues to soar residentially. Consumers are drawn to the warmth, richness, and character only hardwood can provide. Designers agree that every client wants their home to make a personal statement—one that reflects individual taste and personality. So it's no surprise that the go-to solution seems to be hardwood.

Years ago, our selections weren't as expansive as what we see today. Consumers at one point equated hardwood floors to "what my grandmother had under her wall-to-wall carpeting." That probably brings a smile to many of you, because you realize it's true. But time has a way of sorting out true value, and over the decades, thousands of square yards of carpet have been ripped up to reveal the hidden treasure of hardwood floors. Add to that the improved manufacturing methods and enhanced durability, and consumers are clamoring to claim a bit of nature's forests for their own home.

The 2014-2015 design trends for hardwoods include some interesting twists:

- Wide boards (7" and 9") are trending forward and especially suited to large, open floor plans.
- Random plank designs bring visual interest to floors in smaller spaces.
- Every color range shares a percentage of overall sales, but weathered-looks, limed woods, and gray-toned woods are particularly strong. Black and brown-toned woods are somewhat subsiding in popularity
- Contemporary designs are favoring smooth, even-grained hardwoods in neutral tones. The look is natural and understated.
- Satin finishes are coming on strong rather than high-gloss, which are harder to maintain. Lower gloss finishes hide dust and imperfections.
- More traditional designs are embracing smoked woods, paint-infused hardwoods, hand-scraped woods, and, of course, vintage woods.
- There is a European trend on the horizon that addresses transitional design, and hardwoods are in line with this Belgian-style design. Dark, heavy stains are making way for more natural, raw-wood looks. The finishes are matte and conducive to an unfinished feel to the floor.

> "The selections are impressive, and as the flooring professional, you will be called upon to match the right hardwood floor to your discerning customers."

Let me walk you through a few of the options newly brought to market, and just how manufacturers are pushing the creative boundaries.

Anderson

One trend that hasn't yet been coupled to a specific collection is the trend of mixed-width planks. Anderson handily took care of that with the introduction of their French Quarter Collection. The woods combine subtle hand-scraping with wire brushing to highlight the grain in each plank. These mixed-width pine floors feature both 3⅛" and 5⅛" width boards, packaged together so no calculating is necessary. (www.andersonfloors.com)

Harris Wood

This manufacturer's engineered hardwoods are impeccable. Subtle light to mid-toned color variations in the grain (natural to many wood species) add interest and authenticity to the hardwood. This is brought to life in Harris Wood's new Aspen Collection—one of the most exciting introductions I've seen. Consumers looking for inviting contrasts in their wood plank floors will be drawn to this. Colors include Hickory Roaring Fork, Hickory Silverdale, Maple Snow Cap and Walnut Alpine. If those names don't produce some excitement, the visuals certainly will. (www.harriswoodfloors.com)

Harris Wood - Aspen Hickory Silverdale

Continued

> Years ago, our selections weren't as expansive as what we see today. Consumers at one point equated hardwood floors to "what my grandmother had under her wall-to-wall carpeting."

Hardwood, Continued

Homerwood Hardwood Flooring

HomerWood Hardwood Flooring makes premium hardwood plank flooring (unfinished and prefinished). Their collections feature Appalachian hardwoods, and their product range gives consumers unique choices—Amish craftsmen hand-scraped, smoked wood specialties, wire-brushed aesthetics, and cleaner-grained woods. HomerWood identified a segment of the hardwood market that was missing—modest-grained woods with a matte finish that give a contemporary character to the floor. The Prime Flooring collection filled that niche, while also addressing the Belgian design movement. (www.homerwood.com)

Homerwood Prime - Hard Maple Mist

Lauzon

Chic, Charisma and Charm-those are the three colors Lauzon chose to feature in their new Organik Series. Organik is unique and completely natural collection featuring maple in all its glory. Lauzon found a way to unlock maple's beautiful grain patterns, textures and mineral streaks. The three colors offered are all neutral shades and offer a subtle soft-glow finish. This collection brings to life the natural "raw wood" trend. (www.lauzonflooring.com)

Lauzon Designer Organik - Chic Natura

Mannington Mills

Engineered hardwood is a product Mannington Mills strongly supports and manufactures in the United States. They use half as many trees as solid wood floors, and use faster-growing, renewable wood for inner plies. The result is a floor that is structurally sound, and won't buckle, gap, cup or twist. It can be installed below grade and even directly on to concrete—solid wood floors cannot. Introduced in March was the Hometown Georgetown Walnut collection. The planks are 5"-wide and feature natural color variations with subtle shadowed edges. This style capitalizes on the wider board trend, and is available in four colors: Brick Front, Iron Grey, Olde Town and Sandstone. (www.mannington.com)

Mannington Hardwood - Georgetown Walnut

Mirage (Boa-Franc)

The Admiration Collection (Maple Coffee) from Mirage is a stunner. Mirage knows when they have a winner, and introduced this collection in solid hardwood, engineered and a glueless "lock" installation. Their trade-marked Cashmere finish is matte and luxurious, interpreting the lower-luster design trend beautifully. (www.boafranc.com)

Continued


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Hardwood, Continued

Mohawk

Mohawk Industries has made its mark of the hardwood flooring category with their stunning Rockford Collection. The depth, richness, and selection of colors set this collection apart. Planks come in 2¼", 3" and 3¼" widths. Then, Mohawk expanded the Rockford collection to include a 5" width in an engineered wood construction. Hickory, oak and maple species are featured in the solid and engineered wood lines, plus ArmorMax technology with Scotchgard and a 50 year finish warranty. (www.mohawkflooring.com)

Mohawk - Rockford Hardwood

Mullican

With all the attention the contemporary hardwoods are getting, let's not forget that vintage looks are still a huge trend. Mullican Flooring shines in that category. Their Chatelaine collection is a hand-sculpted ¾" solid hardwood that is a work of art. The 16 color choices orchestrate a full color range from Hickory Natural to Maple Dark Mocha. With Mullican, the vintage design trend is alive and well. (www.mullicanflooring.com)

Shaw Industries

In the vein of compliance with high regard for sustainability, Shaw introduced their Epic brand floors. Epic uses less harvested wood than other flooring options, and features Envirocore, an inner layer made from recycled wood fibers. According to Shaw, the inner core is proprietary to Epic: EnviroCore is Shaw's high-density core board made from recycled post-industrial wood fiber. Epic products use 50% less newly harvested wood than conventional ⅜" engineered flooring. (www.shawindustries.com)

Wickham Hardwood Flooring

Wickham created a stir of excitement with their exotic 100% Brazilian Collection this year. Exotic is exactly the right adjective to describe this collection, processed entirely in Brazil! They were striving for warmth and refinement, and they hit their mark. These hardwoods, noted for an aged appearance, offer high humidity tolerance—a feature/benefit that deserves special mention. The collection consists of 5 unique woods: Cumaru, Jatoba, Tiger Wood, Ipe and Santos Mahogany. To complete the package, Wickham offers a 35-year residential guarantee on structure and finish. (www.wickhamhardwood.com)

Wickham Hardwood Flooring

In conclusion, a recent survey conducted by the National Wood Flooring Association (NWFA) reported that "…over 80% of real estate agents say that homes with hardwood floors sell faster--and for more money." That fact, combined with the powerful mega-trend of timeless designs, has catapulted wood floors into a prime position. To say that the array of hardwood colors, styles, species and finishes is extensive would be an understatement. The selections are impressive, and as the flooring professional, you will be called upon to match the right hardwood floor to your discerning customers. ■

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 district manager for Mannington/Amtico.

Criminal Background Checks: Damned If You Do, Damned If You Don't (Part 2)

By Jeffrey King, General Counsel for the WFCA

Part I, published in the March/April issue of *Premier Flooring Retailer*, provided a brief overview of the potential risks of negligent hiring, the use of background checks and the recent Equal Employment Opportunity Commission (EEOC) guidelines limiting the use of criminal background checks. It is not enough, however, to comply with these just guidelines when dealing with background checks.

Employers using background checks also should be careful to comply with the Fair Credit Reporting Act (FCRA). This federal law requires employers using third-party credit reporting companies, or other investigators, to obtain the employee's written authorization to conduct such background searches and restricts how these reports are used. Many state and local laws also impose limits on obtaining and using criminal background records. These requirements must also be taken into consideration in all floor covering employers' employment policies.

Fair Credit Reporting Act

The FCRA is a federal law that imposes restrictions on an employer that hires a credit reporting company or other investigator to provide the background information on an employee or job applicant. Despite the term credit in the statute's name, the FCRA does far more than regulate the exchange of consumer credit information.

Unlike the EEOC's guidelines, the FCRA does not prohibit an employer from asking questions about an applicant's criminal background; rather it imposes procedural restrictions on obtaining and using reports from credit reporting companies or other third party investigators. In the future, this may change as the U.S. Senate is looking at legislation that would prohibit employers from using credit checks in the hiring process.

The Act imposes the following restrictions:

1. An employer must provide applicants and employees a stand-alone written disclosure form, separate from the application, notifying them that the employer may obtain background information and use the information to make employment decisions.
2. An employer must get the employee or job applicant's permission before asking for a report from a credit reporting company or any other company that provides background information. It is recommended that the permission be in writing and signed by the job applicant, and include a statement that the information will be used in evaluating the employee's or applicant's employment.
3. The employer must show the employee or job applicant the report and advise him or her how to get a copy of the report.
4. Before rejecting a job application, reassigning, or terminating an employee, denying a promotion, or taking any other adverse employment action based on information in a consumer report, the employer must give the applicant or employee:
   a. The report relied on and advise the applicant or employee how to get their own copy of the report;
   b. Give the employee or job applicant a copy of the report and a document called A Summary of Your Rights Under the Fair Credit Reporting Act before taking the adverse action; and
   c. Provide the individual with a reasonable time (often five business days) to review the report and explain any negative information.
5. If an employer uses information from a credit or other background report to take an adverse action, such as rejecting an application for employment or a promotion, terminating employment, or reassigning an employee, the employer must:
   a. Advise the employee or applicant that it is taking the adverse action because of information in the report;
   b. Provide the name, address, and phone

> Any use of background checks should comply with the EEOC Guidelines, the FCRA and state and local laws. Employers should carefully and thoroughly review their current policies with employment counsel.

Continued

Background Checks, Continued

number of the company that supplied the credit report or background information;

c. A statement that the company that supplied the information didn't make the decision to take the adverse action and can't give any specific reasons for it; and

d. A notice of their right to dispute the accuracy or completeness of any information in the report and to get an additional free report from the company that supplied the credit or other background information upon request within 60 days.

6. If a company provides an employer that has negative information gathered from public records (e.g., tax liens, outstanding judgments, or criminal convictions), the reporting company either has to the employee or job applicant that it provided the information to the employer or it has to take special steps to make sure the information is accurate.

7. The report should not include:

   a. Bankruptcies after 10 years;

   b. Civil suits, civil judgments, and records of arrest, from date of entry, after seven years;

   c. Paid tax liens after seven years;

   d. Accounts placed for collection after seven years;

   e. Arrests after seven years; or

   f. Any other negative information (except criminal convictions) after seven years.

An employer can be liable for each violation from $100 up to $1,000 if the violation is willful. The FCRA also applies to background checks on existing employees, so the restrictions described above also apply when an employer has a background check done on an employee. For example, before reassigning or terminating an employee, denying a promotion, or taking any other adverse employment action based on information in a consumer report, the employer must give the employee the report relied on, information on where they can obtain their own copy and a summary of their rights under FCRA as stated above.

There have been an increasing numbers of class actions alleging that employers have failed to comply with some of the FCRA's requirements. These lawsuits typically allege that the employer failed to obtain proper authorizations from applicants to run a credit check, or failed to provide applicants with a copy of the background reports before taking action. Recently these class actions have resulted in settlements ranging between $2.5 to $5 million based on alleged technical violations of the FCRA by employers.

> "Many **state and local** laws impose **limits** on obtaining and **using** criminal background checks."

The FCRA applies only to employers who use credit reporting companies or other investigators to provide the background information on an employee or job applicant. It does not apply to an employer that conducts its own background checks. Moreover, the restrictions do not apply to jobs with an annual salary of $75,000 or more a year.

These two exceptions apply only to the requirements regarding credit reports. Employers must still comply with the restrictions and prohibitions regarding the use of criminal background checks imposed by the EEOC Guidelines as well as state and local laws. These restrictions on the use of criminal background checks (See Part 1 in the March/April issue of *Premier Flooring Retailer*), apply to all employees and candidates for employment whether or not the job pays $75,000 or more, or the employer conducts the background check.

State and Local Laws

A number of states have more restrictive laws than the FCRA or the EEOC Guidelines. At least six states (California, Connecticut, Hawaii, Massachusetts, Minnesota and New Mexico) and 30 local jurisdictions have enacted some form of a "ban the box" law, which prohibit employers from performing a criminal background check or even asking about an applicant's criminal history during the initial screening process. After an initial screening has been completed, employers can perform criminal background checks, but only if it can show legitimate business reasons that the information on past criminal conduct is necessary to determine whether the applicant is fit for the job. Many of these laws also require the employer, before deciding not to hire an applicant based on arrest record or criminal history, to inform the applicant of the relevant information and give the applicant a reasonable opportunity to explain or correct it before finalizing the employment determination.

A number of state and local laws that do not prohibit initial criminal background checks impose limits on when and why an employer can undertake a criminal background check. For example, some states or local laws prohibit employers from asking about arrest records, at least if the arrest is no longer pending. Other states or local governments prohibit employers from taking any adverse employment action based solely on an arrest record. Employers can take action based on the underlying conduct that led to an arrest, but only if they have a legitimate business reason. States that do allow employers to ask about convictions at the initial intake or interview limit the employer to asking only about criminal convictions that relate directly to the job. In addition, many state labor codes and state fair employment guidelines limit the content of an employment background check.

Most of these state and local laws have one common provision: they prohibit taking any adverse employment action based on criminal history unless the employer can show a legitimate business reason. To constitute a legitimate business reason, the person's arrest record must either negatively impact the employee's ability to perform their job or threaten harm to people, property, business reputation, or business assets. The employer must consider a number of factors, including seriousness of the crime, time elapsed since it occurred, any evidence of rehabilitation, and details of job sought.

> A number of **states** have **more restrictive** laws than the FCRA or the EEOC Guidelines.

At least one state has taken a completely different approach to help protect employers who are willing to give applicants with a criminal record a second chance. Texas has enacted a law that provides that a "cause of action may not be brought against an employer, general contractor, premises owner, or other third party solely for negligently hiring or failing to adequately supervise an employee, based on evidence that the employee has been convicted of an offense."

The law on employers' use of background checks is rapidly evolving. California, for example, made it illegal as of January 1, 2014, to ask an applicant or employee about actual convictions if the conviction has been judicially dismissed or ordered sealed. While there are some exceptions, most employers will be subject to statutory damages for asking about such convictions.

Similarly, there are legislative efforts to outright ban the use of most background checks for employment-related purposes. San Francisco recently amended its law to prohibit any employer with 20 or more employees located or doing any business in the city from asking anything about an applicant's arrests (unless unresolved), participation in diversion programs, expunged or dismissed convictions, juvenile determinations, convictions that are over seven years old or offenses other than a felony or misdemeanor. Similarly, the New Jersey legislature is considering the Opportunity to Compete Act, which bars employers with 15 or more employees from conducting criminal background checks on applicants prior to a conditional job offer and from asking candidates about criminal histories on job applications. Similar legislation has been proposed in New York and New York City.

Conclusion

In order to avoid negligent hiring liability, a thorough background check is still the best defense. Any use of background checks, however, should comply with the EEOC Guidelines, the FCRA and state and local laws. Employers should carefully and thoroughly review their current policies with employment counsel.

Flooring dealers and contractors should consider implementing a policy that includes:

1. Omitting any policies or practices that automatically exclude people from employment based on any criminal record;
2. If using a third party to conduct the background check, obtaining an employee's or job applicant's written permission, which specifically states the information will be used to evaluate the employee or applicant;
3. Providing specific reasons to support why the information relied upon from a background check in connection with an employment decision is "job related and consistent with business necessity";
4. Requiring any credit reporting company or other investigator to comply with the FCRA and all state and local laws;
5. Omitting questions on initial job applications about arrests and criminal convictions; and;
6. Carefully documenting the efforts made and the information obtained.

Finally, it is not enough for an employer to hire an outside agency to perform background checks and issue the FCRA and state law notices. It is key to note that the employer

Continued

Background Checks, Continued

remains ultimately responsible for its own compliance with the FCRA and state law and cannot avoid liability by hiring an outside vendor. If a dealer hires an outside vendor, it is imperative that the employer have its legal counsel review and approve the disclosure forms and pre-adverse and adverse action notices that the vendor will issue on the employer's behalf and periodically audit the vendor's practices to ensure continued compliance.

Failure to properly use of background checks can result in actions taken by the Federal Trade Commission and the EEOC. In addition, employees and rejected applicant can bring suit and these will often be expensive class action litigation. Given the impact of misusing criminal background information, it is recommended that competent legal counsel be consulted to review current hiring and employment policies. ■

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

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Insurance:
What Do I Need and What Does it Cover?

By Jeffrey King, General Counsel for the WFCA and
Stacy Eickhoff, Senior Vice President, Willis Insurance Services of California

There are many types of insurance available to the flooring retailer. The problem is that the policies are confusing and it is often difficult to determine what is needed and what is covered under the various policies. Moreover, the language in many policies is hard to understand. Many policies also include "endorsements" attached to a policy that can either add or limit the coverage and there may be special "floaters" attached that provide additional coverage.

The time to determine what is covered is when the retailer purchases or renews the insurance. There is often little that can be done once a claim is filed and you find out that the insurance policy you bought does not cover the claim. Coverage can even change from year-to-year. The policy you just renewed may have different coverage or include different endorsements than the prior policy. Moreover, you could be paying for a policy with coverage that is already provided in another policy or is unnecessary for your business.

The fact is that there is no "one-size-fits-all" insurance policy. The coverage you may need might be available as stand-alone policies or may be combined with several coverages to form a package policy. This article is designed to familiarize flooring retailers with the basic terms used in the insurance industry and the coverage that is available to limit liability and protect against losses. An overview of the types of insurance available is provided, followed by a brief guide to interpret each policy.

Types of Coverage

Commercial General Liability: *General liability insurance* is a must. It provides protection against claims involving bodily injury and property damage. General liability insurance also pays for defense costs in the event that these claims lead to litigation. The retailer should consider a limit of no less than $1 million per occurrence. An endorsement or umbrella policy can be purchased relatively inexpensively to increase the limits to $5 million.

General liability insurance, however, may not provide protection for all of your obligations. For example, the cost of repairing or replacing flooring that is not properly installed or is damaged during installation by a retailer's employees is generally excluded. This exclusion, however, may not apply to claims that arise out of work done by a subcontractor hired by the retailer. Moreover, there is a growing trend that faulty workmanship that results in property damage can constitute an "occurrence" under the standard CGL policy. This will not cover the replacement cost of a floor, but may cover other damages that arise because of faulty workmanship.

If the retailer installs flooring, there is the risk that faulty workmanship could result in damage or injuries after the installation was completed. As a result, it is important that the dealer ensure its general liability insurance covers "products completed-operations hazards" (PCOH) to protect the retailer for claims that arise after the job is completed. As with general liability insurance, PCOH does not cover the faulty work itself, just the resulting bodily injury and or property damage. Accordingly, coverage will be determined by what is included in the policy. It is important therefore that the retailer verifies with its broker what is covered and what is excluded in the policy.

Property Insurance: This type of insurance will cover the property owned by the business owner including the building,

Continued

> **Be aware** that the policy you **just renewed** may have **different coverage** or include different endorsements than the **prior policy.**

Insurance, Continued

its contents, inventory and equipment. Insurance coverage for property will include losses derived from risks, such as fire and theft. Property policies typically do not cover flood, sewer/drain back-ups, or earthquake damage. Property the dealer does not own, but is in their care, is typically excluded. Additionally, a retailer's property offsite or in transit, such as materials taken to a jobsite, may not be covered. For this type of coverage the retailer may need to purchase an installation floater, which covers property that is not at the retailer's facilities.

Business Owner's Policy (BOP): The Business Owner's Policy incorporates general liability coverage with property coverage into one, simple package covering a wide range of potential risk exposures. A BOP is designed to provide basic limits for most of the exposures a small business could face. It is important to understand what is included to avoid buying double coverage or omitting needed coverage. For example, the BOP policy should include general liability coverage so the retailer does not need a separate general liability policy, but it may not include automobile coverage. Automobile coverage will be needed if the retailer or its employees use vehicles on company business.

Umbrella Policies: This coverage can sit on top of a general liability, automobile and workers' compensation. It is often relatively inexpensive and provides additional policy limits and, thus, extra protection. For example, an umbrella policy can increase coverage limits in a general liability policy from $1 million to $5 million. The cost is often well worth the additional coverage.

Workers' Compensation: Every retailer needs workers' compensation to cover employees in the event of a work-related injury or illness. Workers' compensation insurance pays for the injured employee's medical expenses and some lost wages. As the business owner, the retailer can also be covered for any injuries or illnesses sustained at work. Most states mandate business owners provide workers' comp coverage for their employees. The retailer should be sure to understand its state's laws regarding workers' compensation requirements.

Since workers' compensation coverage is based on payroll, it is important that the retailer keep a record of all permanent and temporary employees, their job duties, payroll and any claims they may have filed. A retailer should also document all employee training, including any safety practices and procedures. The insurance company will ask for this information during an audit at the end of the policy term and when buying a policy, and this information will often help to lower the retailer's premiums.

Commercial Auto Insurance: If the retailer or its employees use company-owned vehicles or use their personal vehicles as part of their job, then auto insurance is a necessary policy. The policy should cover non-company owned vehicles if the retailer's employees use their own cars or trucks for company business. In addition, Commercial Vehicle Insurance covers liability, but may not include comprehensive and collision coverage. The retailer needs to verify what is covered under its policy.

Business Interruption Insurance: This insurance will reimburse a business for loss of income after a covered loss, such as fire. If the retailer is forced to close for an extended period of time due to renovations, then this insurance may reimburse the full net profit the business lost during the shutdown. It is important to verify what events trigger coverage. Typically, events that trigger a property loss will also trigger a business income loss. In addition, the retailer needs to verify what is covered (e.g. lost profits, rents, etc.) and the dollar limits on the total amount of coverage.

Crime Insurance: This type of insurance covers theft of business property incurred on the premises or under the care and custody of an employee, messenger or watchperson. The retailer needs to identify what property is covered and what must be done to collect under the policy, such as submitting a police report. Theft of a customer's property is not usually covered. It is also important that the retailer determine whether its property insurance already covers theft to avoid purchasing needless double coverage.

Cyber Liability Insurance: Cyber liability insurance can provide coverage in the event of a data breach, including the loss of your customer's credit card information. Coverage can be written to include the cost to investigate, pay potential regulatory fines, provide customer notification and pay credit monitoring expense.

Employment Practices Liability Insurance: Employment practices liability insurance protects the retailer from lawsuits over alleged discrimination or harassment including wrongful termination. This type of loss is typically excluded from general liability policies and must be purchased separately.

Fire Legal Liability Insurance: Under the terms of your facility lease, the retailer may be held responsible for fire damage to the building caused by the retailer's negligence. The lease may also require the retailer have insurance and may set the amount of coverage required. The retailer's general liability policy may provide this coverage, but may include limits on what is covered and the amount of coverage. The size of the retailer's location and its lease agreement will determine the required policy limits. The retailer needs to review its lease agreements to ensure the limits are sufficient to satisfy its contractual obligation.

Independent Contractor Liability: Every retailer should ask every subcontractor it deals with to provide a certificate of insurance showing that the subcontractor carries workers' compensation, automobile and general liability insurance with a minimum $1 million liability coverage. Most general liability policies will provide coverage for work performed by a subcontractor on behalf of the retailer. If the retailer's policy does not, it can add "independent contractor liability" insurance to its general liability policy to protect against suits brought as a result of negligence on the part of an independent contractor.

There are a host of other policies available that may provide broader coverage than your current policies. For example, if you have valuable equipment that goes to job sites or rent equipment, the retailer may want to consider an equipment floater or an endorsement that adds this coverage to the property policy. The key to buying the right coverage is to provide your insurance broker with a full picture of a company's operation so the broker can identify the required coverage.

All policies needs should be reviewed each year when renewed to determine if any coverage changes were made. A review should also be conducted whenever there is a change in business operations.

Conclusion

There are many insurance policies out there and it is key that the retailer determine what policies it needs so that it neither under - nor over-insures its business. The retailer should discuss its specific needs with a qualified and experienced insurance broker. ■

> "The key to buying the right coverage is to provide your insurance broker with a full picture of a company's operation so the broker can identify the required coverage."

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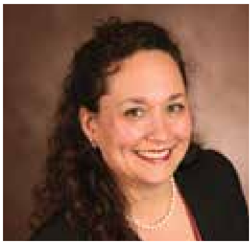


Stacy Eickhoff is senior vice president for Willis Insurance Services of California Inc. She has worked in the insurance industry over 15 years with a focus on property and casualty within the floor covering and construction industries. Willis Insurance is the endorsed provider for the World Floor Covering Association.

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

Interpreting an Insurance Policy

Inurance policies are written to delineate what is and is not covered under the policy. As a result, the language is often very technical. The good news is that because the policies are so technical and hard to understand, the courts will interpret any ambiguity against the insurance company in favor of the policyholder. The bad news is that there is no easy way to read a policy. Nonetheless, it is also important that the retailer understand the basics of all its insurance policies. To avoid any misunderstanding and disputes, the retailer should ask its broker to state in writing what is and is not covered.

Claims Made or Occurrence Liability Policy: There are generally two types of liability policies: A "claims made" policy and an "occurrence" policy. Under a claims made policy, the insurance applies only to claims the policyholder files during the term of the policy. Even if the problem arose during the term of the policy, but the company is unaware of the problem, a claims made policy covers only claims actually filed during the term of the insurance. For example, if the insurance policy covers January 1, 2012 to December 31, 2012, the policyholder must file the claim between January 1, 2012 and December 31, 2012.

An occurrence policy covers claims that arise out of damage or injury that occurred during the term of the policy, regardless of when it is reported. For example, if a claim arose during the policy in effect for 2012, but the retailer did not become aware of the claim until 2014, then the policy would cover that occurrence even though the claim was made after the policy had expired. So long as the injury occurred during the term of the policy, the claim is covered. As a result, it is generally a good idea to keep all copies of policies, including expired ones, in case a claim is filed.

It is important that the retailer takes proper precautions when replacing a claims made policy with an occurrence policy. Such a shift could create a gap in coverage. For example, consider a retailer that had a claims made policy in 2010 and replaced it with an occurrence policy for 2011. The new policy would not cover any injury that occurred before 2011 and the old claims made policy would only cover claims that occurred in 2010 if the claim was filed in 2010. The retailer needs to discuss with their broker how to cover the gap in coverage between the claims made and occurrence policies.

Reporting Claims: Most insurance policies require the policyholder give the insurance company prompt or immediate notice of any event that may be covered by the insurance policy. The insurance companies will often argue that failure to provide prompt notice will preclude coverage. The retailer should report any claims, potential claims or injuries as soon as they are known.

Endorsements: Insurance companies generally have standard form policies. These standard forms are then amended to add additional coverage or to limit coverage through attaching endorsements to the policy. In older policies, endorsements were called riders. For example, the policy may state that the standard insurance policy covers up to $1 million of coverage and an endorsement could increase the coverage to $5 million. On the other hand, an endorsement could reduce coverage such as excluding water damage from a property policy. Endorsements are also used to change a policy during its term. For example, it may delete coverage for a location that is no longer used by the retailer or it may add a new vehicle. The retailer needs to be familiar with the coverage the policy affords and read the policy, including the endorsements. If any aspect of the policy is not understood, then the retailer should ask the broker to explain the coverage in writing. This will avoid misunderstandings and future disputes of what is and is not covered.

Floater: This type of insurance policy covers property that is easily movable and provides additional coverage over normal insurance policies. For example, flooring retailers may need to buy a property floater to cover equipment used at construction sites since most property policies only cover property at the retailer's facilities.

Cumulative and Per Incident Coverage: Most policies have both a maximum amount of coverage and a limit on each incident. For example, a typical policy may have a $1 million per occurrence limit and a $5 million aggregate. This means the policy will pay up to $1 million for a single claim, but will pay up to $5 million for all claims combined during the policy term. As a result, such a policy covers multiple claims that may add up to $5 million, but no one incident would be covered for more than $1 million.

Deductible: The deductible is the amount that the policyholder is responsible for in the event of a loss. As the name implies, the deductible amount is deducted from the total loss. For example, a retailer has a property loss of $10,000 and a deductible of $500. The insurance company will pay $9,500 and the insured's out of pocket expense is $500. It is key to determine how the deductible applies, that is, whether the deductible applies to each loss or is a one-time out-of-pocket expense. Property deductibles, typically apply separately to each claim so that three claims will result in the retailer paying $500 for each claim for a total of $1,500.

Defense Costs Including Attorney Fees: Most policies cover the cost of attorney fees to defend against covered claims. It is important, however, to determine whether the defense costs are in addition to or part of your coverage limit. For example, if the policy has a $1 million cap, and the attorney fees are $200,000, is the coverage cap effectively reduced to $800,000 because of the attorney fees or are the fees separately covered?

The insurance company will usually select the attorney, but the retailer as the policyholder has the right to request a specific attorney. Whether the attorney is picked by the insurer or the policyholder, the attorney is obligated to represent the policyholder and pursue its best interests, not the interests of the insurance company.

Additional Insured: When negotiating an installation contract with a subcontractor, it is common to have the retailer named as an additional insured on the subcontractor's general liability insurance policies. This is done to protect the retailer in the event a claim arises out of the work performed by the subcontractor. When named as an additional insured, it is also helpful if the policy states that (a) there is a waiver of subrogation, (b) the subcontractor's policy is primary, and (c) the retailer's insurance does not need to contribute to subcontractor's coverage. This avoids the argument over whose insurance is primarily responsible. It should be the subcontractor's policy as they are performing the work.

Most additional insured forms require there be a contract in place. Accordingly, the retailer should have a written contract with each subcontractor and the agreement should require the retailer be named as an additional insured on the subcontractor's insurance policies. Moreover, the retailer's own insurance may require that its subcontractors name the retailer as an additional insured. If a subcontractor goes out of business or lets it policy expire, the retailer will need to rely on its policy for coverage. Not having either a contract or the subcontractor name the retailer as an additional insured may jeopardize the retailer's coverage through its own policy.

Challenges of Finding and Retaining Good Employees

By David Romano, Founder and Owner, Benchmarkinc

Is finding and retaining good employees in your flooring business about as effective as sponsoring a one-legged man in a marathon race? If so, you are not alone. Although crawling out of the recession has brought about many positive changes for the industry, it has created another unforeseen problem; there are less qualified people available and willing to work in the flooring industry coupled with a suppressed quit rate that is sure to snap back to pre-recession levels.

A highly-competitive labor market is forcing employers to use creative ways to find qualified employees. Candidates want to be courted much like dating and they are much more technically savvy than ever. Recruiters live by the *two and two* rule which states that good candidates are on the market for two days and off the market for two years. That means that the candidate you are looking for is most likely not looking for you. They are probably happily employed and do not know you are looking for them.

The top 10% of candidates in their profession do not actively seek out employment; meaning, you have to go out and get them. Placing an ad in your local newspaper or posting jobs on Monster or CareerBuilder is just not as effective as it used to be.

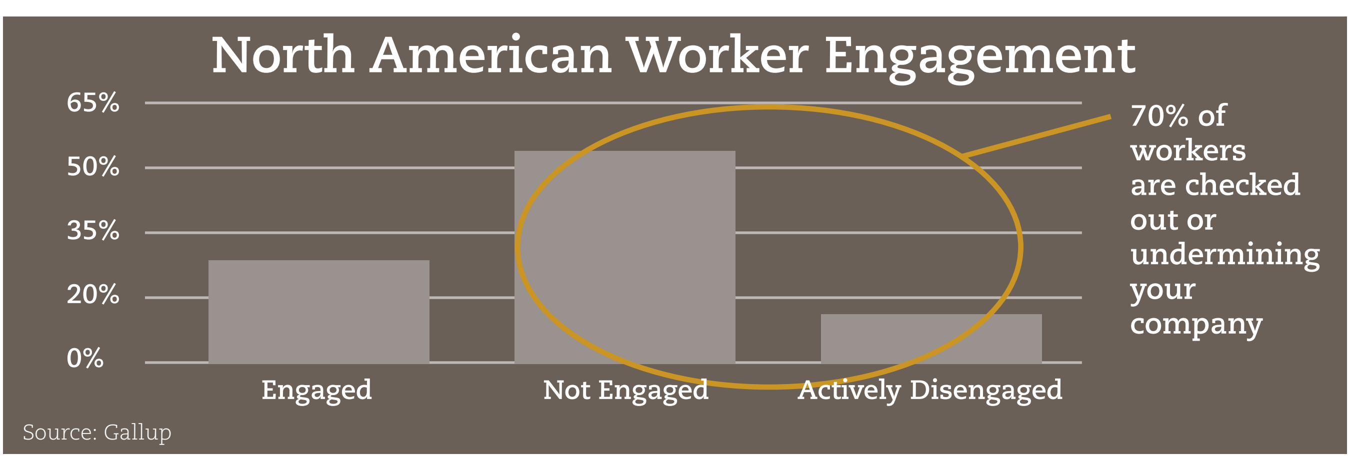
Compounding the issues you may be currently facing in beefing up your staff is the *boomerang effect*. The standard *quit rate* – employees who voluntarily leave their jobs – is 25%. During the most recent downturn, the quit rate dropped to 16%. The reduced rate means workers are less willing to consider a career change due to economic uncertainty.

When the economy fully recovers, expect the quit rate to boomerang back up as workers trapped in unfulfilling jobs begin to pursue their search for passion again. Additionally, Gallup's most recent annual survey found over 70% of workers are underperforming or actively undermining the work of their company. Adding insult to injury, according to a recent report posted in the *Wall Street Journal*, the unemployment rate is projected to drop to 6.7% by December 2014.

The five most commonly reported themes by effective business owners to attract and retain top employees are recognition, professional growth opportunities, clear expectations, trust and autonomy, and fair compensation. This means employees are looking to come on board with companies that provide consistent and frequent reviews, have a real opportunity to further their career, clearly define job duties and performance expectations, but still allow for a bit of flexibility without micromanagement. Fair compensation is listed as the fifth most important attribute, so without the top four needs being met by the employer, there is only one option: overpay for performance.

Let's see how the flooring industry stacks up when it comes to providing an attractive and productive work environment. According to The Financial Performance Report by Romano Consulting Group with hundreds of flooring retailers conducted over the periods 2010 to 2012, 31% of flooring retailers did not have a policy and procedures manual, 44% of flooring retailers did not conduct annual performance appraisals of staff, 43% of flooring owners do not have clearly defined job descriptions, and 40% of flooring owners do not set goals for their staff. One could conclude that if you are an owner that falls into the aforementioned statistical categories, you have some work ahead of you if you want to attract and retain productive employees!

Having put less importance on compensation, employees still demand what is fair and tend to not stay with a company for an extended period of time if they feel they are poorly compensated. In 2013, businesses gave out minimal raises



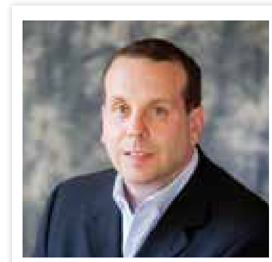
> Having put less importance on compensation, employees still demand what is fair and tend to not stay with a company for an extended period of time if they feel they are poorly compensated.

but as worker mobility and the battle for talent increases, expect salaries to come under increasingly upward pressure. According to the U.S. Bureau of Labor Statistics, the average hourly wages rose $.25 from September 2013 to February 2014. Employees desperate for work may take a job at a lower rate than desired, with the promise that if they perform well they will receive additional compensation. Unfortunately, as soon as they see greener grass they tend to quickly jump the fence. Underpaying for performance can be just as detrimental as overpaying because the average cost of turnover or unproductivity is just over $47,000 per year per employee.

Many flooring retailers hire by fire. Meaning, they look for and hire employees when there is an immediate need instead of using a proactive approach. Recruiting and retaining employees needs to be one of the most planned out tactics in your business. Desperate times require desperate measures which may lead to employing desperate people. Continual recruitment is extremely effective and it is a good practice to always have two in the drawer or two candidates you would like to hire when a position becomes available.

It is equally important to have all of your ducks in a row during the interview. Have a detailed job description available, finalize a compensation plan, and do a good job selling your company. At the completion of the interview, the candidate needs to feel like it is a huge mistake if they do not take the job. Once they do come onboard, recognize performance, good and bad, and provide constant feedback. Retaining productive employees is a lot like raising kids. They need constant coaching, support, feedback, consequences, and corrections. ■

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.

The Differentiators

By Scott Humphrey, CEO, World Floor Covering Association

I have evaluated and been impacted by various retail selling experiences throughout the years. From these, I have learned there are many things that will determine the way a customer will feel about their shopping experience including: the retail environment, selection, quality of merchandise, credit availability and value perception. These may vary in importance, but the one thing that ultimately will determine the success of any retail establishment is **their salespeople and staff.** If you want to separate yourself from your competition, especially the Big Box stores, focus on improving your people.

As a trainer at a major flooring manufacturer for many years of my career, I focused on becoming a keen evaluator of salespeople and their ability to create a good or bad retail experience. In other words, I set out to become a noticer. If this is a skill you are interested in developing, then I would recommend that you begin by fully understanding what a noticer is and the impact they can have on every person with whom they interact. For further reading on this topic, I recommend Andy Andrews' book, *The Noticer.*

"Have **you** ever stopped to **consider** the power of **attitude**? There are many things you can fake, but attitude **cannot be hidden**."

Though great leaders are usually great evaluators of people, it is important to note that every customer is a noticer. In fact, your ability to do business with your clientele will be determined by the things they notice within your retail establishment and the way they feel they are treated by your employees.

Here are two things that every customer will notice about you and your staff. These skills can make or break your long-term success.

Attitude – Several years ago my son, who was three-years-old at the time, and I were shopping for a gift for my wife for Mother's Day. We had a few vague ideas of what we wanted to get, but needed a knowledgeable salesperson to help us through the process. We entered a large department store and were immediately overwhelmed by all of the options.

After walking around for what seemed like an eternity without being helped, I spotted a saleslady. She was facing us as she folded some items and placed them on a rack. I took my son's hand as I motioned at the lady and said, "There is someone who can help us." But my son pulled his hand back and said, "Don't ask her daddy. She has a 'NO' face." As I looked back at her, I was surprised by his wisdom. He was right. Her face indeed communicated "don't bother me."

She was there to do her job but had no interest in helping anyone. In fact, her entire body language communicated "leave me alone," and we did. Not only her, but we also walked away from the store she represented. That department store lost business because of the attitude communicated by one of its workers.

Have you ever stopped to consider the power of attitude? There are many things you can fake, but attitude cannot be hidden. It shines through your face and your actions. One of my favorite quotes deals with attitude. It is by Chuck Swindoll and it says: "The longer I live, the more I realize the impact of attitude on life. Attitude, to me, is more important than facts. It is more important than the past, than education, than money, than circumstances, than failures, than successes, than what other people think or say or do. It is more important than appearance, giftedness, or skill. It will make or break a company ... a church ... a home. The remarkable thing is we have a choice every day regarding the attitude we will embrace for that day. We cannot change the inevitable. The only thing we can do is play on the one string we have, and that is our attitude ... I am convinced that life is 10% what happens to me, and 90% how I react to it. And so it is with you ... we are in charge of our Attitudes."

Now here is the bigger question: "Have you evaluated the attitude of your staff?" You should know how the people who represent you are impacting your customers. Do any of them have a "NO" face? It is your responsibility to determine why and what if anything can be done about it. Your staff represents you and your business. In fact, they represent you 24/7. That's right. If people know where they work, they evaluate your business based on the attitude of your people,

> Customers want to be heard and understood. They deserve that as a basic courtesy for shopping with you instead of someone else. The problem is that many salespeople are great talkers and terrible listeners.

not just at work, but also when they are away from work. The truth is people rarely buy from businesses. People buy from people.

Active Listening – Customers want to be heard and understood. They deserve that as a basic courtesy for shopping with you instead of someone else. The problem is that many salespeople are great talkers and terrible listeners. That leads me to one of my favorite sayings, **"People don't care how much you know until they know how much you care."** Actively listening is common sense; unfortunately, it is not always common practice.

It is said that President Franklin Delano Roosevelt became very frustrated with the small talk at formal events and was convinced that people were not paying attention while he was speaking. He wasn't sure if it was because they were enamored by his position or intimidated by his title, but he was determined to see how many people were really listening to him when he spoke. At one formal gathering Roosevelt, known by those close to him for his sense of humor, told each person who shook his hand, "I just killed my grandmother." The replies he received confirmed his suspicion that people were not listening. Most simply smiled and said "Oh, that's good" or "That's nice." In fact, it is said that all but one of those he met that night responded that way. The one person who seemed to truly hear the president was a foreign diplomat who was said to have responded, "I'm sure she had it coming."

You would think they would be hanging on the President's every word. After all, he is the President. In like manner, you would think that a salesperson dependent on meeting the need of a customer to close the sell would be hanging on every word the customer says, but more often than not, that's not the case.

Stephen Covey, in his mega best seller, "*The 7 Habits of Highly Effective People*," called this habit – "seek first to understand, then to be understood." In other words, Covey was convinced we often don't hear the other person because we are too focused on what we have to say. It is rare we will meet a need that we do not know exists. Selling is all about meeting a need. People don't browse for floor covering. No one is out shopping for a pet and says, "You know, we ought to go look at floor covering." If they are shopping with you, they have a need. The person who uncovers that need and meets it, gets the sale.

So how do you become an active listener? The same way you improve anything else; you work at it. Do these three simple things and notice how your recall improves and your relationships strengthen:

1. Ask open ended questions – These are questions that require a response other than "yes" or "no." Asking only yes or no type questions causes others to feel interrogated. Asking open questions that begin with the words who, what, when, where and how, will cause you to have to listen to their more detailed response.

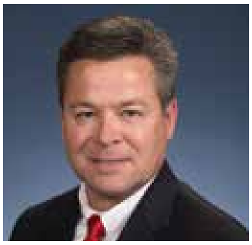
2. Observe body language – Watch their physical response, not just their verbal. Dr. Albert Moravian at UCLA has determined that 7% of someone's trust in you comes from the words you say. In fact, 38% of your trust is determined by the way you say those words. A full 55% of your believability comes from the body language that accompanies the words. He refers to this as the words, music, and dance of developing trust.

3. Make eye contact – Your eyes tell me you are listening. You may be able to look me in the eye and not truly listen to me, but it is much harder. If nothing else, your eyes tell me you are engaged. If you are looking at me, then I am the focus of your attention at that moment.

You do what you do to achieve success. At the WFCA, we are committed to helping you reach your goals. Whether that is breaking the strong hold of the Big Box stores or creating differentiation between you and your competition. There are many ways to stand out among specialty flooring retailers, but if you desire continued long-term success, you will find it in your people. Take notice of your team's impact and their attitude, and challenge them to be fully engaged with every customer they encounter.

If you have thoughts, suggestions, or stories of what is working for you, please contact me at scott@pfrmagazine.com. ■

ABOUT THE AUTHOR



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

Social Media for Your Store

By Josh "The Fixer" McGinnis, Owner, Unlock Your Biz

Remember when you started your business and decided advertising was the key to getting customers in your store? You likely thought of the local radio and TV stations, the newspaper and the Yellow Pages. You probably joined the local Chamber of Commerce, too. Things were simple. Radio stations and TV channels were few. There was a dominant newspaper everyone read. Consumer behavior was more predictable. Purchases were local.

Fast forward a mere decade and the entire advertising landscape has changed. Consumers are in power. Advertising is fragmented at best. And astonishingly, your advertising connection now literally resides in the palms of consumers' hands.

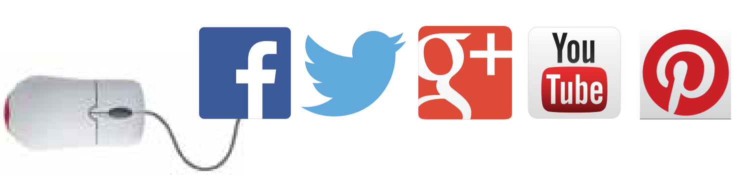
A decade ago, creating a website for your business was the hot topic. Each day your website has to be updated with product information, trends, and installation photos just to keep up with competition. Now the hot topic is social media, which includes a hardworking and up-to-date website, Facebook page, Pinterest account, Twitter feed, LinkedIn, and more.

But is social media just the buzz word or is there more to the hype? And most importantly, is it relevant to your local flooring business?

The answers are yes and yes. Yes, there is more to the hype, and yes, social media is relevant to your local flooring business. In fact, social media is proven to secure customers for those who make it part of their marketing strategy.

For this article, we will focus on Facebook as it is the most popular social media site. Here are some staggering stats concerning Facebook:

- 57% of all American adults are on Facebook
- 64% of adult Facebook users visit the site on a daily basis
- Half of all adult Facebook users have more than 200 friends
- Half of all internet users who do not use Facebook live with someone who does



- 80% of social network users prefer to connect with brands via Facebook
- Retail is the top industry that has acquired customers through Facebook (vs. software/technology, healthcare, manufacturing, and education)
- 42% of marketers say Facebook is critical or important to their business
- 77% of Business-to-Consumer companies acquired customers from Facebook

The above statistics apply to your customer base…to consumers walking into your store…to consumers reached by your marketing and advertising. The above stats apply to your business.

Want to reach more consumers? Talk to them where they spend their time. This made sense when you began your business and advertised on radio, TV, and the newspaper. It's only logical that social media and in particular, Facebook, is a great place to reach today's consumers.

Warning: *What makes today's advertising and marketing via social media so much different is the rate at which it changes and thus, must be managed.*

In years past, you would create a radio or TV ad and run it several times before having to change it. With social media, change is a constant. But managing this constant change doesn't have to be painful or scary.

Here are some great ways to make your Facebook page easy to manage and still appear current and fresh. It's still a hands-on process, but with some advanced planning, it can be simplified.

Step 1. Decide how often you will post to your Facebook page.

- Will you post every day or 3 or 4 times a week? Whatever you decide, be consistent and intentional.

Step 2. Pick a messaging pattern for each day of the week (or the days you decide will be posting days).

- The pattern for each day could look like:
  Monday = industry stat
  Tuesday = color question, trend, or stat
  Wednesday = Interesting information about your store or an employee
- Remember the content must be what the consumer

> In years past, you would create a radio or TV ad and run it several times before having to change it. With social media, change is a constant.

will find interesting and relevant to her. She does not care that your store opened in 1978. She might care that "Over 1,000 homeowners have trusted Floors & Interiors to install their flooring."

Step 3. Assign tasks.

- Choose someone to create your messaging in advance. Don't forget to include an approval process. This is your business. You want to make sure all messaging is relevant to the audience and supports the store's goals and objectives. Messaging should be intentional in its approach and not self-serving. For example, post too many sale messages and people will soon dislike you.
- Choose someone on your team, a service like HootSuite.com, or someone hired from outside your business to load the messages each day.

Step 4. Plan in advance.

- Create the messaging calendar at least 1 month ahead so you can be thoughtful and proactive versus reactive
- Know in advance when holidays and special events happen (this is a simple Google search)
- Utilize vendors, their collateral, and your employees to supply information.

Step 5. Respond.

- Give the messaging task to someone who enjoys social media and researching interesting information.
- Remember to respond to national and local events, as well as holidays. Only you can place your personality into your Facebook page.

This approach provides a simple, but ongoing presence in social media. People look at you as being active not only in social media but your business is viewed as being engaged, interested in, and relevant to the community.

Finally, remember Facebook is all about engagement. If someone responds to one of your posts, respond – even if their comments are rude. This gives you an opportunity to demonstrate who you are, your professionalism, and character.

In the next article, I will discuss Facebook advertising. For now, work on your Facebook messaging calendar and process. This has to be the first step. Good luck! ■

How to Set Up a Facebook Page for Your Business

1. Set up your personal Facebook account.
2. Select "Create a Page"
   a. Look for the icon that looks like a gear and is found in the upper right corner.
3. Select your type of business.
   a. Most flooring stores will select "Local Business or Place."
4. Select your category, fill out store information, and get started.
   a. We recommend "home Improvement"
5. Fill out information about your store
   a. Category is Flooring Store and maybe other products you sell
   b. Description is where you describe in more detail what you sell and what people are looking for
   c. Pick a name for your site that is similar to your website or store name
   d. Make sure to select the box that you are a real establishment
6. Create cover and profile photos.
7. **Do not spend any money trying to promote your page.** We will cover this in the next issue, and if done incorrectly, it will cost you money today and money tomorrow.

ABOUT THE AUTHOR

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

Contact Josh via email at josh@unlockyourbiz.com or (800) 528-5055.

WFCA's Trade Scholarship Program

Launched in July 1999, the World Floor Covering Association (WFCA) Trade Scholarship Program is designed for the principals and employees of WFCA regular member organizations. Since its beginnings, in excess of $2.3 million has been allocated for business-related education, training programs and seminars.

- Regular member organizations are eligible to receive up to an annual maximum cumulative total of up to $500.
- Approved education/training programs qualify for up to 50% of tuition/registration fees (up to the allowable maximum).
- Checks are made payable to the approved educational/training organization and not reimbursed directly to the member business.
- The one-page applications must be received between 30-60 days in advance of an approved program.

Aside from funding training programs conducted during conventions, sales training, product knowledge, software training, installation, repair and maintenance and inspection training, etc., the following are some of the more interesting training courses funded through the WFCA Trade Scholarship Program: Trauma & Crime Scene Cleanup; Infrared Building Science; Web Strategy & Marketing; Awaken the Entrepreneur; Building Sciences Application Course; Business Trends and Bends; Blueprints & Specification Reading; Lien Laws; Internet Retailer Conference; and Moisture Mapping.

While we have supported training programs from *A Plus Environmental Supply* to Xactware, the training programs from *CCA Global* and the *International Certified Flooring Installer Association (CFI)* remain the most popular. Funds for the training programs are allocated quarterly to facilitate availability for programs scheduled late in the year. The program will terminate when the funds are depleted.

Funds are disbursed on a "first-come, first-served" basis according to program guidelines, and are not a member entitlement.

The WFCA may, in its discretion, change the Trade Scholarship program rules, regulations and awards at any time, with or without notice. This means membership in the association does not entitle program participants to any vested rights with respect to credits, awards or program benefits. Members may not rely on the continued availability of any award. Any award may be withdrawn or subject to increased requirements or new restrictions at any time.

The WFCA may, among other things, (1) withdraw, limit or cancel any award; (2) change program benefits, conditions of participation, rules for earning, retaining or forfeiting awards; (3) otherwise restrict the continued availability of awards or special awards; or (4) limit the maximum amount of funds that any one provider or program may use. WFCA may make any one or more of the changes at any time even though such changes may affect your ability to earn an award. The WFCA reserves the right to end the Trade Scholarship program with or without notice. The program terminates every year when the funds are depleted.

For more information, visit www.wfca-pro.org, call the WFCA at (800) 624-6880, or email: wfca@wfca.org. ■

Application for Regular Membership

WFCA WORLD FLOOR COVERING ASSOCIATION

FOR THE PERIOD ENDING DECEMBER 31, 2014

The undersigned hereby applies for membership in the World Floor Covering Association, a non-profit trade association serving the floor covering industry.

For Renewal - WFCA Member Number ____________________

Company Name ____________________

Contact Name Title ____________________

Physical Address (Primary Location) ____________________

City ____________________ State __________ Zip __________

Mailing Address (If different from above) ____________________

City ____________________ State __________ Zip __________

Telephone(s) (______) ____________ (______) ____________ FAX (______) ____________

E-mail ____________________ Website ____________________

Number of Store / Operation locations ____________________

WFCA Membership **Dues Investment is $275** valid through 12/31/14

Please submit payment with completed application & member profile to:
WORLD FLOOR COVERING ASSOCIATION
Mail to: 2211 East Howell Avenue • Anaheim, CA 92806
Or FAX to: (714) 978-6066 or submit via e-mail

If paying by credit card: ☐ MasterCard ☐ VISA ☐ AMEX ☐ Discover

V-Code (3 or 4 Digit Authorization #) ____________________ Amount $ __________

Card # ____________________ Exp. Date __________

Name on card ____________________ Signature ____________________

*Only US funds are accepted

World Floor Covering Association • 2211 East Howell Avenue, Anaheim, CA 92806 USA • (800) 624-6880 (714) 978-6440 • fax (714) 978-6066 • www.wfca.org • e-mail: wfca@wfca.org

Membership dues paid to the World Floor Covering Association are not tax deductible as charitable contributions. However, they may be tax deductible as ordinary business expenses. WFCA estimates that 12% of your dues are not deductible because of WFCA's lobbying activities on behalf of its membership. Your dues include a subscription to *Premier Flooring Retailer* magazine.

4.23.2014

Becoming Preferred – How to Out-Sell and Out-Perform the Competition

By Michael Vickers, Executive Director, Summit Learning Systems

In today's increasingly crowded marketplace, you need to stand apart from your competitors if you want to enjoy market differentiation and long-term success. You **must** become the preferred vendor in the eyes of your customers.

Obviously, I can't give you the secret sauce recipe in a few words, but I can get you pointed in the right direction with the becoming preferred philosophy.

When you understand and build your business services and processes around these core principles, you are well on your way to becoming the emotional favorite in your market.

1. Customers have an agenda. Their goals and objectives do not necessarily reflect our own. We form business relationships with each other to get our agendas met. There will only be a relationship as long as both of our agendas are served.

When a potential customer enters your store they are on a mission. They have a goal and an objective. Your job is to figure out what that objective is. The best way to accomplish this is to ask high value questions to determine what it is they are looking for. Management guru Stephen Covey said it best with, "Seek first to understand, then seek to be understood."

This should be a mantra for all of us. It means that your job as flooring professionals is to find out why your customers are in your store, and then do your best to help them close the gap between where they currently are and where they want to be.

2. In a crowded marketplace, the goal should be to become the preferred provider of what we sell. Preferred means first choice. The marketplace chooses you ahead of your competitors every time. When you are preferred, you insulate your customers from competitive erosion.

When the economy is robust and growing, your business grows as well. You can literally hang out a shingle and you are going to get business. You are essentially order taking. It's easy to get complacent in this type of customer-driven marketplace. The real test comes when the economy slows down. Then you can truly see how well you are doing. Can you grow your business in a tough economy? Can you take market share from your competition without using discounting as a point of differentiation?

Your goal should be to move your customers through the three levels of becoming preferred.

The first level is loyalty. Everyone wants loyal customers, but the truth is that loyalty is fickle and can be bought. Your competitors often use pricing discounts as offensive weapons against you. Be cautious with loyal customers. Instead, try and move them to level two.

The second level is advocacy. This is where your customers talk about you to their friends and family. Referral business is still the best business. It's more enjoyable to deal with a customer that has been referred to you and significantly more profitable as well. Once your customers are advocating for you, then you can move them to level three.

The third level is insistence. This is where the customer seeks you out and won't even consider an alternative provider. You become their trusted advisor. Your job is to escalate your customer through the different levels until they insist on you.

3. We must continually challenge our assumptions — about our competitors, our customers and ourselves. Our assumptions guide actions and those actions determine results. If we have assumed wrong, the results could be devastating.

> "Take a hard look at your assumptions as they relate to customers, competitors and yourself and you will find opportunities to improve your process and create customer value."

> If you can form an emotional connection with your customer better than your competitors, then the competition gets marginalized.

It's a simple fact that we all make assumptions. Today's competitive marketplace requires that you examine your assumptions and challenge the status quo thinking. For example: "Customers are just looking for the cheapest deal" or, "I can't compete with the big box stores."

Assumptions like these can get you in trouble quickly. Take a hard look at your assumptions as they relate to customers, competitors and yourself and you will find opportunities to improve your processes and create value for your customers.

4. Purchasing decisions are based on emotion and logic. They buy first for personal reasons, and then justify the purchase with business reasons.

Consider these questions in analyzing your business: How are we selling? How are we servicing? Emotionally or logically? I'm going to suggest that you often get sucked into the logic side of the transaction, forgetting the actual decision to purchase is an emotional one. When you can identify the emotional triggers motivating your customer to take action, then you are well on your way to winning the business.

5. Customers are stressed out. The ability as sales and service organizations to identify the key stress and dissatisfaction factors of our customers better than our competitors and remove their stress through our business processes, will greatly determine where they buy.

The fact is everyone has stress in their lives from one degree to another. It could be the economy, health issues, family, etc. It doesn't matter what kind of stress they have. What does matter is your ability to identify the stress of your customer better than your competition. Let's say your customer has a remodeling project they are working on. Regardless of the size of the project, this is a stress point for your client. They are on a mission. This is a project that has to be completed and they are usually under time and money constraints.

After you have asked some really great questions and identified the key stressors of your customer you should then try to remove those stressors. If you can make the stressors go away better than your competition, you will win the business.

Connect with your customers in a meaningful way. Everything is about connection. If you can form an emotional connection with your customer better than your competitors, then the competition gets marginalized. Connection means that you go into each sales conversation with the goal of truly understanding the needs and requirements of your customer.

Build rapport and trust by taking the time to ask well thought out questions and work like mad to make your customer's stress go away.

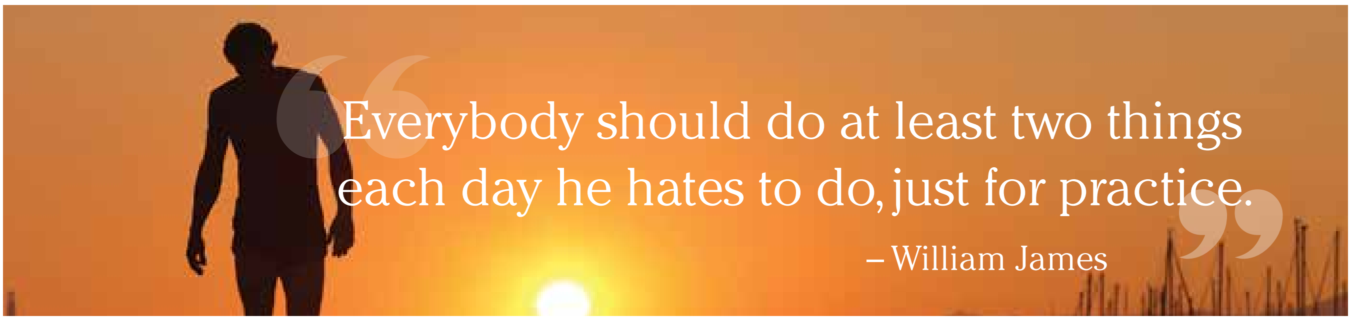
Well, there you have it. If you employ these five key principles into your sales and service processes, you are well on your way to becoming the preferred provider in the markets you serve. ■

ABOUT THE AUTHOR

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

The Value of Time

By Dr. Stan Beecham



As a sport psychologist, I have watched a lot of practices. Part of my job is to watch practice, and over the years, I have watched as many as two to three hours of practice, five times a week. I have observed that practice varies greatly from coach to coach. They value and use time differently, and there is a noticeable difference in how they respond to failure and mistakes.

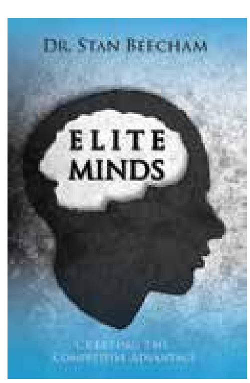
Some coaches know how to create a high pressured, intense practice environment that simulates competition. Others lead a more relaxed, focused practice. And some are experts at creating drills or making the monotony of practice interesting.

The best coaches all have something in common—they understand that the purpose of practice is to prepare for competition.

During all of those hours watching practice, I began noticing how time was valued. The best teams utilized their time more efficiently. The teams that didn't succeed also had practices, but they were not organized to maximize time and didn't include the activities the athletes believed were helping them get better.

The great coaches explain *why* certain things are done and the intended outcome of each activity. Once athletes understand why they are doing something, they are better able to fully engage in the activity. When they are not able to understand the purpose of specific activities, they will fail to fully engage.

During my first year working at the collegiate level, there was a coach who had not asked me to help with his team. One day I ran into this coach, and he asked me to come and watch his practice. I agreed. After watching the first hour, I left to go attend another practice. This went on throughout the week as I watched the first hour of the practice every day that week.



Later, the coach and I spoke about my observations of his practices:

"Coach, I watch a lot of practices, and your practices are the quietest practices I have ever seen. You are the only one who talks during practice. In fact, I can't even remember hearing your assistant coaches talk."

I went on to ask him, "How would you assess the quality of leadership on your team? Do you have good leadership from any of your players?"

"I don't think I have *any* leaders on this team, and that's one of the things that bothers me," the coach said.

I responded, "The reason you don't have any leaders is because you don't create any space for anyone else to assert themselves. You are the only one who talks in practice. The assistant coaches and all of the athletes are looking to you for what to do next. I have noticed that same thing during your games, too. If you want to have leaders, you gotta allow them to lead. You have to give them some room to step up."

How do these same concepts impact your business? Practice is a necessary part of success and growth in any profession. For your business, practice includes working with every staff member from the sales force to the office and support staff in order to build a strong unit. Practice means empowering each team member with the training and tools needed to succeed and grow on an ongoing basis. Practice is building on relationships with manufacturers, distribution partners, and clients so that you can take your business to the next level.

More on Time Management...
During the run up to the 1996 Olympics, I had the opportunity to watch a couple of Olympians practice over the course of about a year. A coach in

> **Everyone has the same amount of time, but successful people value their time more, thus they are more efficient.**

Cincinnati had two Olympic gymnastics hopefuls in her gym: Amanda Borden and Jaycee Phelps.

I had been observing collegiate gymnasts during practice and noticing how individual gymnasts utilized their time. Gymnastics is very different from almost all other sports in that the athlete has a lot of control over how they use their time and what events they focus on in a given practice. My primary focus was calculating how much of an athlete's time was spent training versus the time spent preparing or transitioning between events. Gymnastics is about repetition; whoever gets the most reps in during a practice has a competitive advantage.

What I learned was shocking. The majority of the gymnasts spent less than ten minutes per hour actually training. The remaining time was mostly spent getting prepared or transitioning. Then I observed Amanda Borden utilize twenty minutes in one hour. That was the most productive gymnastics practice session I ever saw. There was a reason she became a gold medalist.

Several years ago, I read Malcom Gladwell's book, *Outliers*, which examines how people achieve greatness. One of the constructs Gladwell believes is necessary for greatness is 10,000 hours of practice. In addition to natural talent and fortunate timing, he proposes that one needs lots of practice in order to achieve greatness.

When I read this, I immediately thought of all the time I had spent watching practices and realized that this had been my observation as well, except I would add that while a lot of practice was necessary to become great, if that practice was not productive, it would take much longer to reach greatness, if it was ever reached at all. The simple fact is that the more productive, competition-like reps you can get in a practice, the faster you get better. You have to practice better if you want to get better.

What can you do to practice better? Consider providing more training opportunities, maintain open communication, support members of your team, and encourage innovative ideas and leadership. Remember, a coach is only as good as his team. ■

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

ABOUT THE AUTHOR

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

WFCA Website & Digital Marketing Case Study: The Flooring Gallery

By Tony King and Kathryn Baird, Partners, Torus Marketing

Torus Marketing and the WFCA are proud to announce the candidate for the digital marketing case study: The Flooring Gallery, based in Louisville, Kentucky.

With seven locations across Kentucky and Indiana and over 40 employees, The Flooring Gallery is a full service flooring center, dividing its business evenly between residential and commercial markets.

The Flooring Gallery is a perfect candidate. With a strong business and a recovering marketplace, they are ready to fully engage the digital frontier. Their website is over seven years old and lacks the capacity for updated SEO and is in need of a complete update in both design and navigation. As can be imagined, web technology has evolved quite a bit over the last seven years!

In any big-ticket purchase the online channel provides a key role in supporting the consumer through the buying process: driving awareness, providing further product information through the consideration phase, and driving in-store traffic. Our goal is to improve marketing engagement and create stronger Content Management Sytems (CMS) capabilities enabling the Flooring Gallery greater control over their content. Torus Marketing will build the site from a user friendly perspective, re-reorganizing and rewriting content to simplify the user experience, enhance SEO, and provide online marketing tools to deliver the right content and promotional information to the modern consumer. We will optimize, improve and expand their online presence to help them grow their brand and market presence.

"Four years ago," said Nicholas Freadreacea, president of The Flooring Gallery,"we had no idea what SEO was or why we would need it. Today we find ourselves spending hours a week managing our image on Google alerts and Angie's list, posting content and photos to social media, while hoping that the content is fresh and interesting. So, we want it to be simple! We need an integrated system that is easy to understand and post to while increasing my SEO search results. We want to be able to connect to our potential clients and give them the same experience on line as they will receive in the store. We are excited about working with Torus Marketing and growing our brand in the digital world."

We look forward to working with the staff at The Flooring Gallery to create a powerful online presence that will help them reach their potential and grow their bottom line.

In every issue of *Premier Flooring Retailer*, we will present a progress update of the study as it unfolds. Look for the case study series continuing in the July/August issue of *Premier Flooring Retailer.* Contact editor Jeff Golden for details at jeff@pfrmagazine.com. ■

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