

Premier Flooring

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May/June 2015



Daniel Arita, vp and David Arita, president of 2014 WFCA Gold Standard Winner American Carpet One, Honolulu.

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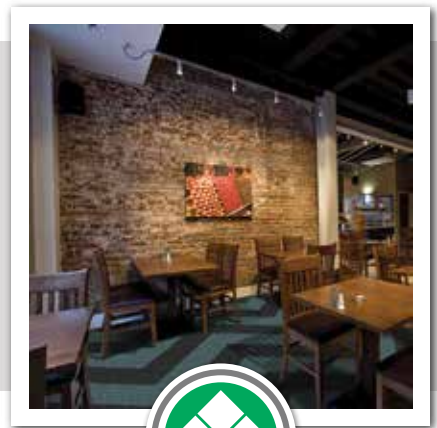
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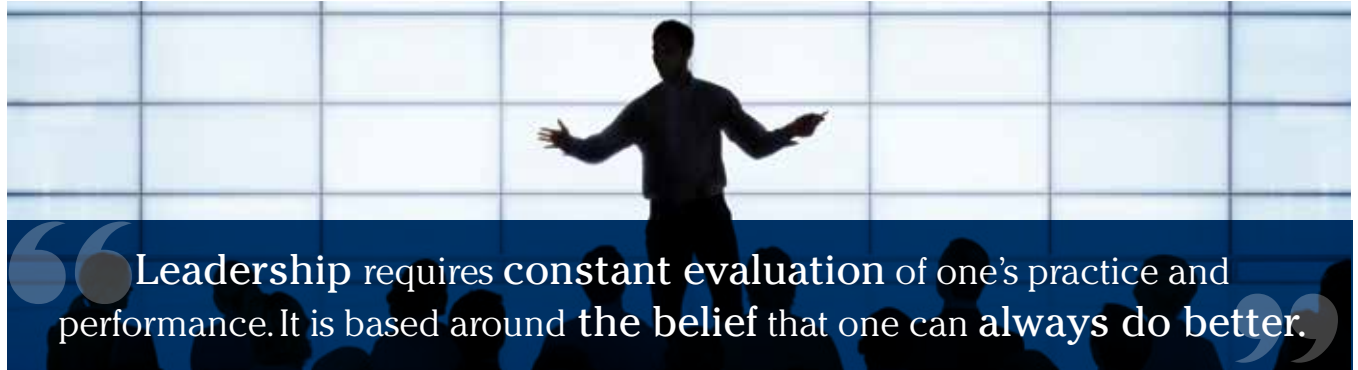
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Change Leadership from a Buzzword into an Action

By Scott Humphrey, CEO, World Floor Covering Association



Among the many things we strive to improve through each issue of *Premier Flooring Retailer* is the quality of leadership within the industry. It is the reason we provide such unique content, including insights from leadership experts outside of the floor covering industry.

The challenge is that leadership has become a buzzword, and as such, it has lost its true meaning. The Miriam-Webster defines leadership as "the power or ability to lead other people." In other words, leadership is an action taken by a leader. In its simplest form, that's what Leadership is. Let's take a moment to look at what Leadership is not:

1. Leadership is not a title. I recently sat before a prominent group in the flooring industry and challenged them to realize that true leadership is not based on the title that precedes your name. Owner, President, CEO, CFO, Sales Manager, etc...are simply identifiers of a position that one holds. They say nothing of the impact one is having. We have all known and often worked for people with fancy titles that we had no desire to follow to the water fountain, much less the business battlefield.

2. Leadership is not limited by the level you hold within an organization. We often relegate leadership to those in authority within an organization, but we are all potential leaders. We all have the ability to have a positive impact on the performance of those with whom we come in contact. Some of the best mentoring relationships I have encountered occurred in peer relationships or middle management.

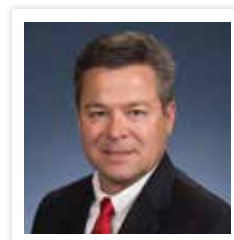
3. Leadership is not stagnant. Leadership requires constant evaluation of one's practice and performance. It is based around the belief that one can always do better. That means that true leaders are rarely satisfied with the status quo. They evaluate best practices and stay attuned to the performance of their competition.

4. Leadership is not selfish. Leadership at its very core exists to give back. That is why some of the greatest and most underutilized leaders are retired from work, but not from life. They have spent their time in the occupation of their choice, but are constantly looking for a way to give back. They love serving on boards and volunteering their wisdom through organizations and upcoming generations of workers.

5. Leadership is not done. There is never a point where there is no longer a need for leadership. In fact, though there are more books written, lectures given, and courses taken on the topic of leadership than probably all others combined, there has never been a greater shortage of and need for great leadership.

Premier Flooring Retailer is written to impact every aspect of your business. The purpose statement of the WFCFA states, "We exist to ensure the success and profitability of the professional flooring dealer and to represent their common interest." We understand that leadership is a key element in your success. Some of you may find yourselves looking for strong leadership. Others may be at a place where they can give back by providing it. No matter where you are on your road to success, you can be confident you will find best practices of key leaders within the pages of this issue and future issues.

We would love to hear from you and we welcome input about topics of interest to you. Please contact editor Jeff Golden at jeff@pfrmagazine.com with your story suggestions. ■



Scott Humphrey
Scott Humphrey
CEO of WFCFA

Art Select Stones

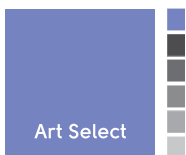
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Featured floor: ■ LM03 Alderney



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Using the Correct Tools

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



I see so many dealers trying to get by without *learning and using* the correct tools...we have assembled such a large toolbox containing so many varied tools at our members' disposal.

A friend and I were reminiscing recently about the dumbest things we had done in our youth. You know the type of story: when you're young, you're afraid someone will find out about what you've done. Later in life, you're willing to share.

My experience involved my dad's shiny new 1959 Ford Galaxy sedan. It was a fine light green cruising machine, or so it seemed to a certain towhead in the back seat. During the winter months, it was my proud duty to go out early and start the car so that it would be warm when my dad drove my brother and I to school. (Just another example of what was considered good parenting not that long ago that would get you turned in to social services today!)

On this particular day, there was a heavy layer of frost on the windshield. Not being able to locate an ice scraper, I used what I considered to be an acceptable substitute: a sample piece of glazed ceramic wall tile that I found in the trunk. By now, I'm sure that you've figured out what the lugs on the glazed tile did to the car's glass. It was scratched so deep that the windshield had to be replaced.

Being that my dad was a no-nonsense person with a military background, you can be assured that a life lesson was learned that day! His message though, may surprise you. He looked me straight in the eye and said: "There is a correct tool for every job. Learn them and use them!" No hysterics, but no uncertainty either. Over 50 years later I understand the wisdom of this saying to an even greater extent.

Why, you may ask, would I relate this experience with you? Because in my daily duties with the WFCA, I see so many

dealers trying to get by without learning and using the correct tools. This is the reason that we have assembled such a large toolbox containing so many varied tools at our members' disposal.

Did you ever wish there was a manual for navigating the often confusing decisions regarding employee vs independent contractor installers? We've got that. How about a library of model contracts? Got that too! Are the national chains continually eroding your sales and margins? Our new *Beat the Box* online training series could become your sales staff's new best friend.

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My common sense *Selling More Than the Floor* video series now consists of more than 200 five - to seven-minute sales training modules available on seven DVD discs, all available at no charge to WFCA members. **In fact, this very publication is the only one serving our industry devoted exclusively to the success of the professional flooring retailer.**

To further assist our members, we offer a trade scholarship program that can be used for educating your sales team, installers and office personnel – wherever your firm's area of greatest need may be. We at the WFCA have worked hard to put some very effective tools in your toolbox, all at a cost of less than \$25 per month. Price is not an excuse! Realize, though, that tools resting in a toolbox accomplish nothing – they only work when you use them!

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Correct Tools, Continued

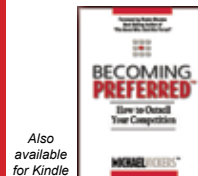
Again, as my dad taught me so many years ago, "There is a correct tool for every job. Learn them and use them!" The best day to get started is today and the best time is right now. Let's get started! Your success depends on your doing so. We at the WFCA stand ready to assist. ■

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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S600 Carpet Installation Standard Approved by ANSI

By Leah Gross

Anaheim, Ca - New Standard and Reference Guide Provides Universal Procedures for Residential and Commercial Carpet Installation

April 17, 2015 - The World Floor Covering Association (WFCA) announced today the official approval of the S600 Carpet Installation Standard developed under the expert guidance of the Institute of Inspection, Cleaning and Restoration Certification (IICRC). The acceptance of S600 as an American National Standards Institute (ANSI) Standard is a significant achievement with the entire industry jointly developing a universal standard for commercial and residential carpet installations.



Sponsored and primarily underwritten by the WFCA, the initiative took five years from inception to approval. The ANSI Board of Standards Review (BSR) made the final decision to pass the Standard on April 9, 2015. Official public notification of the certification appeared in the April 17th *ANSI Standards Action* publication. At this point, unresolved objectors have been given the opportunity to appeal the Standard to the ANSI Board of Standards Review. The S600 will become official if no appeals are received within 15 business days of the announcement.

The lack of a universally accepted carpet installation standard posed a profound challenge across the industry. Through a collaborative process with a multi-stakeholder group of manufacturers, suppliers, inspectors, installers, retailers and other industry participants, a standard to provide the industry with a quality control system to significantly reduce issues associated with installation was born. The S600 standard establishes a common, industry-accepted framework identifying universal procedural standards for professional carpet installation in residences and commercial settings.

S600 is not written to teach installation procedures. Numerous installation organizations, both union and non-union alike, will offer appropriate training. This standard was created for use

primarily by professional carpet installers, and secondarily for carpet manufacturers, product suppliers, building contractors, architects, specifiers, designers, distributors, flooring retailers, end-users, facility managers, institutions and others involved in the carpet industry. With S600, professional installers are able to determine appropriate accepted procedures that will ensure a flawless carpet installation. S600 identifies techniques for evaluating: carpet types, characteristics and conditions; specifications, site conditions, floor preparation and various types of installation procedures.

The Standard is broken down into 12 chapters. ANSI S600 certification allows industry members to:

- Offer universally accepted installation procedures for residential and commercial grade carpet making them preferred vendors;
- Provide a clear standard for future teaching and certification of carpet installation;
- Save money by adopting universally accepted operational practices and business approaches; and
- Use the ANSI S600 Certified mark on their products and services and in their advertising.

"As the largest segment in the flooring industry, it did not seem acceptable that the carpet sector did not have a universally accepted ANSI standard," said Scott Humphrey, chief executive officer of the WFCA. "The S600 was a much-needed Standard achieved through a five-year journey with countless hours of work. If not for the consensus body that included all sectors of the flooring industry, this achievement would not have been possible. I commend their efforts and congratulate the selfless industry leaders who made this possible."

"In North America, ANSI standards are well known, recognized, and relied upon by most industries," said Tom Jennings, chair of the S600 Consensus Body and vice president of Member Services, WFCA. "The S600 provides a universal reference guide for professional carpet installation which will benefit people in all sectors and at all levels across our industry."

For more information about the S600 carpet installation standard, visit www.wfca-pro.org. ■

Teamwork, Aloha Spirit Garner WFCFA's Gold Standard for American Carpet One

By Arpi Nalbandian, Associate Editor

The World Floor Covering Association (WFCFA) recently announced Honolulu, Hawaii-based American Carpet One winner of the association's 2014 Gold Standard Award for excellence in retailing.

Of course, this came as no surprise to its employees or to its loyal customers. American Carpet One, had burst onto the Hawaiian flooring scene on January 2, 1974 as The Carpet Shoppe, with just five employees. Within six months, a small warehouse was added to support the newly launched installation department. In 1988, after joining Carpet One, American Carpet One was born.

"Since 1988, American Carpet One has been a shining example of excellence in floorcovering retail," said Howard Brodsky, co-founder, chairman and co-chief executive officer of CCA Global Partners.



“Our commitment to our customers and our employees is palpable.”

Fast-forward 41 years after the company's founding, American Carpet One still holds its commitments to long-lasting customer and community service with the highest regard. "Clients can purchase flooring from any number of retail and wholesale locations, but the savvy shopper wants more," says store owner David Arita. Customers want to "purchase from a company they trust. They want to establish a relationship with this company. Each job is completely custom and comes with its own challenges. Our shopper today wants a company to go on this journey of a home flooring renovation with them rather than just an exchange of money for product," added Arita.

American Carpet One's dedication to community and charitable causes is further indication of the company's legacy. In addition to being ranked #61 within Hawaii's most charitable

companies (*Hawaii Business* magazine, November 2014), the company is continually involved with The Salvation Army, four local universities, several schools, Humane Society, the Aloha United Way, State of Hawaii Adopt-A-Highway program, Toys for Tots; and in 2014, it hosted its very first Adopt-a-Pet Day.

"It's fine to give back, but most times it is actually your time and attention that people crave," mentioned Arita. "We're active in many networking organizations hoping to educate the community on flooring and what is involved in the installation process. The Institute of Real Estate Management (IREM), Rotary, BNI, Honolulu Association of Insurance Professionals (HAIP), Honolulu Board of Realtors (HBR), and the Chamber of Commerce are a sampling of the organizations we have committed to being a part of."

Along with the recognition and honor for receiving the Gold Standard Award, annual recipients are also awarded a \$5,000 check. Upholding their reputation of dedication and giving back, American Carpet One will be sharing its cash prize with charities and its employees. "This is very huge for all of us. The employees all deserve a pat on the back and an acknowledgement for winning this award. It will prove to them that our hard work and effort as a team has paid off. Each and every person is to be congratulated. Everyone in the company is important and plays a very important role to our success," added Arita.

It's safe to say that the methods, practices and programs American Carpet One has implemented in recent years to increase the customer's experience have been very successful. "At American Carpet One, our goal is to create a raving fan. We strive to move beyond the customer relationship and look to building a friendship. Hawaii is a very special place and we appreciate that our connection in the community reaches far beyond a place to shop. Our customers are the friends and family of our own friends and family members," Arita said proudly.

Hence, a customer's experience at American Carpet One begins when they first step into the wide, inviting store entry that features a comfortable seating area and a warm welcome by the receptionist. Assigned salespeople then greet the customers and take them on a personal tour of the vast showroom's layout and available selections. Specialized rooms and vignettes showcase each product category with sample displays, imagery and installations. The customer is allowed to look, feel, touch – and most importantly – envision how the chosen product(s) will change the look of their home.

We will continue to honor our existing relationships to the best of our ability and seek to find innovative ways to start building our next relationship.

"We use every platform available to educate and inspire," said Arita. Our walkways and walls are a curated quilt of flooring and window covering possibilities. Customers can tour from our showroom to warehouse and view large installations of stocking options to suit every home from traditional to modern. Within one hallway, we created a path of wool and natural sisal on our walls with information to help the consumer understand, in a very tactile way, the differences in carpet fibers."

"This store is constantly striving to be at the forefront of floor covering marketing and merchandising," commented Eric Demaree, president of Carpet One Floor & Home. "They strive to keep up with continuing education and not only stay up-to-date, but one step ahead of industry standards and trends."

It's with this attention to detail and overall commitment to its clients that American Carpet One netted the WFCA's Gold Standard Award. Obviously, providing exceptional customer service doesn't just start with the initial greeting and end with the installation. "Our full service model ensures our associates can oversee the customer's flooring project from start to finish," said Arita. This means:

- Associates are available by phone, email or text;
- Estimators remind customers of their measure appointments;
- Service department personnel contact customers to confirm installation;
- Follow-up calls are made the day after installation, and again at six-month and one-year intervals by sales associates;
- Carpet warranties are registered on behalf of the customer;
- An in-house claims department handles any concerns that may arise;
- Report cards and thank you notes are sent to every installation customer. Yelp and Facebook comments are encouraged.

"This is the experience that we provide at American Carpet One. It all starts with our people. All positions within the company have specific training programs that must be passed before they even come in contact with the public," noted Arita. "Client retention or maintaining any relationship is about appreciating the other party and never taking them for granted. We have established a culture of giving back to

our clients and our community because it is them who have allowed us to operate on Oahu for the past 40 years," Arita concluded.

In addition to its annual Client Appreciation Golf Tournament, the company also hosted the largest private golf tournament in the State of Hawaii in honor of its 40th anniversary (2014). With more than 265 participants, this free event included gift bags for the attendees, prizes and awards, as well as food and drink from local restaurants and vendors. "It's a day of fellowship, and strengthening relationships by spending the day together," mentioned Arita.

Yet, having high customer satisfaction ratings and a family-like environment between associates and clients doesn't mean American Carpet One could sit back and relax. They have consistently implemented ideas such as new advertising platforms, scratch-off coupons, renovation stories and editorials, as well as a special tabloid. According to Danette Hoe, American Carpet One's sales manager, "Renovation

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Gold Standard, Continued

articles and editorials were frequent parts of a specialized Sunday insert called Hawaii Renovation, and a separate popular local section called MidWeek. Topics shared covered the entire range of flooring, installation methods and services. These included specific categories like LVT, wool, Stainmaster, etc., as well as CCA exclusives like the Healthier Living Installation System. In these articles we wanted to expand on consumer education, and help homeowners think about how they live on their floors and from there focus what products would best suit their needs."

In 2014, the company upgraded its phone and Internet systems, purchased new computers, and hosted a Pet Adoption event in conjunction with the Stainmaster Pet Protect product line introduction. "Our Pet Adoption Event was initiated in conjunction with the Stainmaster 'Sit, Stay, and Save' event," said Hoe. "However, we enjoyed the event so much that we are looking to make it a bigger partnership. We have since provided donations for their fundraising efforts and will be making the adoption day an annual event."

Plans for improving business include focusing on education and training, similar to Carpet One's Education Day. Leadership classes and Dale Carnegie courses are also part of the improvement agenda, as are attending training programs offered by CCA Global and Invista. "We will also have Robert Varden from CFI come to train our installers and subcontractors for the fourth time in our company's history," added Arita.

In line with the company's objective of preparedness, American Carpet One has weathered the recession with thoughtful planning and execution. "We weathered the downturn in 2008, 2009 and 2010 by not hiring unless absolutely necessary. We had no layoffs or pay cuts," said Arita. "In 2011 and 2012, business started to level off, and by 2013 and 2014, we have had double-digit increases. I believe we are on a growth cycle and out of the recession."

As with any industry, employee retention remains a concern. When asked how important the staff is to the success of American Carpet One, Arita responded with two words: One Team. "No one position is any more important than another. If one of us fails, we all fail; if one of us is successful, then



we are all successful. This business or any business is all about the people you choose to represent yourself and the brand you have created. They are a direct reflection of the company's values and represent those same values out in the community," stressed Arita.

According to Bob Bryan, CCA Global University, "American Carpet One has created systems and standards that define who they are as a company, and what their customers will experience throughout their entire encounter." What sets this company apart from other flooring retailers is that "the showroom staff takes the time to really know their customers as people, not just another sale," added Bryan. Customer-oriented focus, coupled with the store's inviting, easy-to-navigate floor plan, is what makes American Carpet One "truly a Gold Standard retailer whose whole focus is in fulfilling the customer's, and their people's needs and wants," concluded Bryan.

When asked about how the Gold Standard Award will affect the company, Arita said, "This will make a huge impact on how they [team members] feel about who they are and what they do. They may not be able to comprehend [what it means] to receive an acknowledgment at this level. We are the best of the best in the world."

"I travel all over North America and do not know another company that has company culture that is so defined, understood and practiced every day," mentioned Pami Bhullar, director of retail development for Invista. "I am always amazed that everyone in your organization not only can recite it at any time, but sincerely believes in the following: "Vision: To Be the Best We Can Be. Mission: To Serve Others. Goal: Create Raving Fans (Ambassadors). Values: Honesty, Integrity, Hard Work and Team Work. Culture: Kaizen-Continuous Improvement. Willingness to Change. Perfection is the Standard. Passion: Exceptional Customer Service Quick, Easy and Accurate."

To receive the Gold Standard Award, companies were reviewed and judged on:

- Knowledge – ensuring a knowledgeable management and staff who work to remain actively informed on the state of the industry;

- Customer Service – providing courteous service and offering customers help throughout the purchase and after-purchase process;
- Quality of Store Image – a clean, professional, well-maintained store must be presented at all times;
- Code of Conduct – the facility must adhere to the WFCA Code of Conduct, which states retailers must: be truthful with customers in all matters related to the sale, service and installation of floor covering; refrain from misleading advertising of any nature, and offer only merchandise and services that are readily available; treat all customers with respect; be attentive to the customer's desires and needs; uphold the highest standards of excellence and fairness in their business; observe and abide by the laws and regulations governing good business practices; conduct business in a sensitive and considerate way; subscribe to the highest standards of professionalism in their business at all times; and treat violations of this code as inconsistent with membership in the WFCA.

To be considered for the Gold Standard Award, companies must be WFCA members, had to have been in business for a minimum of three years, and have a clean Better Business Bureau report. Applicants also had to complete a multiple-page submission form and present multimedia marketing materials and other collateral that factored into the review process.

When asked how the company would spread the word of this well-deserved recognition, Arita said: "We will promote it on all of our advertising media – newspaper, TV, radio, our website, our brochures, and every opportunity we have. And we will do this for the next 10 years or until we win again. This means a lot to us!"

As for what has kept American Carpet One going for 41 years, Arita feels faith in God played a big role in the longevity and success of the business. "Being in business is not something a person can do alone."

Companies interested in entering or nominating an entrant for the 2015 Gold Standard Award can visit wfca-pro.org for more details. ■

Do I Need an Employee Manual (Part I): The Benefits and Dangers

By Jeffrey King, General Counsel for the WFCFA

Having read several articles on the importance of having an employee manual, you put together one for your store using a form you found online and adding some sections that one of your friends has in his company's manual. You thought the manual would protect you, but today you were served with a complaint from a former employee you fired a few months ago. The complaint alleges, among other things, that the employee manual was a contract and you breached that contract by not following the procedures set out in the manual for disciplining and terminating employees. Now you are thinking you would have been better off without the manual. That is not necessarily true.

To understand the benefits and pitfalls of employee manuals, a brief overview of the potential benefits and risks followed by some suggested precautions all employers should take is provided here in Part I. In the next issue of *Premier Flooring Retailer*, Part II will provide suggestions on what you should consider including in your employee manual.

Benefits and Risks of Employee Manuals

There are many benefits in having an employee manual, an employee handbook, or a policy and procedure manual—whatever you decide to name it. A manual can establish company policies, such as getting proper authorization for overtime, establishing the policy on the accrual of vacation and sick leave, or setting out policies on workplace inspections, drug testing and background investigations, thereby eliminating common misunderstandings and unreasonable employment expectations. Employers who have written employment manuals are able to point to specific policies

or practices in the manual when counseling or disciplining employees and clear guidelines can often provide significant defenses against employee claims. Formally writing down your business's procedures and providing clear guidelines means you will spend less time answering questions and explaining the basic rules of your company. You also lessen your chances of ending up in court.

The problem usually is what you included or failed to include in the manual or your failure to follow your own procedures as set forth in the manual. Problems can arise because the manual is unclear or inconsistent with federal and state law. Another common issue is an employer who routinely deviates from its stated policies, applies them inconsistently or fails to update its policies. Just as the manual guides employees' behavior, it can also govern the employer's action.

The Do's and Don'ts of Employee Manuals

Before beginning to develop your own employee manual, there are several precautions you need to take and several actions you should avoid.

1. Don't Just Copy Another Company's Manual: Many small businesses are inclined to copy employee manuals prepared by other companies. You do not have to write the manual from scratch. You read through several other companies' employee manuals, looking at how they are generally set up. There are also templates available online to help you construct your manual.

Simply copying another manual or an online form, however, can be dangerous. If your company is smaller than the company providing the manual, the policies may include obligations for which a company your size are exempt. For example, a company with less than 50 workers included a policy in its manual that "Employees covered under the Family and Medical Leave Act are full-time employees who have worked for the [Employer] and accumulated 1,250 work hours in the previous 12 months." The policy did not say anything about the additional requirement to be covered under the FMLA; that there be at least 50 employees within 75 miles of the employee's workplace. A federal court ruled that the employer may have lost the ability to challenge the employee's eligibility on basis that the employer had less than 50 employees because it did not include this limitation in its employee manual.



Simply copying another manual or an online form, however, can be dangerous. If your company is smaller than the company providing the manual, the policies may include obligations for which a company your size are exempt.

On the other hand, if your company is larger than the company providing the manual, you could inadvertently omit obligations that you should include, such as healthcare coverage under the Affordable Care Act or rights under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Similarly, if the copied manual was for a company in another state, the manual could include policies that are not consistent with your state law. California and New York, for example have statutes governing the accrual of vacation and sick leave.

2. Have a Lawyer Assist and Review Your Manual:

There are policies you need to include in an employee manual by law. If there is anything that should or should not be in the manual, a good lawyer will identify these problems and ensure your manual complies with all the legal requirements.

3. Don't Let Your Manual Get Outdated. The world is constantly changing. What was applicable when your company first started may not be appropriate now. There will be new or changed legal requirements, and new issues not considered when the manual was originally written. For example, 10 years ago most manuals had no mention of social media or employees using company computers for personal use. Today, such provisions are common.

Your manual should be reviewed at least annually and it is recommended that an attorney review the manual at least every year to ensure it is in compliance with any new federal or state laws. For example, California changed its law this year on the accrual and payment for sick leave. Last year's manual would likely incorrectly limit accrual of sick leave.

4. Keep It Short and Clear: If your employee manual is too long, employees will either not be able to absorb everything or will be overwhelmed. If employees cannot understand it, its purpose is defeated. Make sure the manual is broken down into discrete areas, avoid legalese, and provide an opportunity for employees to get clarification on any of the policies.

5. Avoid Overly Restrictive Policies: Overly restrictive policies not only place a burden on employees, but can also impose a burden on you as the employer. An example of an overly restrictive policy is a progressive

discipline policy in which the employer promises to first give a verbal warning, then a written warning, then suspension, then probation, then termination, or some other similar format. This type of policy is detrimental for a couple of reasons:

- a. It restricts the employer's ability to implement a more severe disciplinary action for more serious offenses;
- b. If the employer does terminate without providing the various warning stages, it could be found liable for wrongful termination; and
- c. It can be used as evidence that the employer is not an at-will employer and is unable to terminate employees at will.

6. Avoid Restrictive Protected Employee Activities:

The National Labor Relations Act protects employees' right to take collective action, like forming a union. The NLRB has sought to expand its reach beyond traditional union activity. Recent NLRB decisions have found non-union employers liable for unfair labor practices and invalidated policies that may infringe on workers' rights to engage in protected activity, like discussing wages, hours or work conditions.

To follow up on these determinations, the National Labor Relations Board recently issued a report on "unlawful [employee] handbooks" that "inhibit employees from engaging in activities protected by the [National Labor Relations] Act." (See *NLRB Office of General Counsel Memorandum GC 15-04*, 03/18/15.) The memorandum highlighted several specific concerns with employee manuals.

- a. Prohibiting the discussion or disclosure of any "employee and employer information" as confidential could be interpreted as restricting employees right to discuss wages, hours and work conditions. It is better to prohibit the disclosure and discussion of "confidential business information."
- b. Employees have a right to criticize an employer's labor and work policies. Accordingly, consider not prohibiting "actions that would harm the employer" or prohibits "disputes" with fellow employees. These can be seen as infringing on the employees' right to debate unionization and other protected

Continued

Employee Manual, Continued

- concerted activity. Instead address “discourteous, disrespectful and unprofessional behavior.”
- c. Employees have the right to communicate with the news media, government agencies, and other third parties about wages, benefits, and other terms and conditions of employment. Accordingly, the manual should not include a prohibition against an employee speaking to media or the government about company matters. Rather, a simple suggestion that “the company will respond to the news media only through the designated spokespersons to manage any crisis and avoid any miscommunication.”
 - d. A blanket prohibition of disclosure of the manual or use of the company name or logos should be avoided. It is better to simply require employees respect all trademarks, copyrights and other intellectual property rights.
 - e. Rules on showing up on time or walking off the job need to be carefully worded. Simply prohibiting failure to report on time or leaving work could read to include protected strikes and walkouts. As an alternative, the manual could state that unauthorized walking off shift or failing to report for a scheduled are “grounds for immediate termination.”

The actual wording of the rules will often spell the difference between a legal policy and one subject to change under the National Labor Relations Act.

7. Inconsistent Enforcement Will Consistently Cause Employee Claims: One of the biggest risks is to have policies in the employee manual that you do not consistently follow. Often an employer or supervisor will not strictly apply a rule due to “extenuating circumstances.” But what happens when the rule is applied? The employee will argue that the rules are not really rules at all, but are only pretexts the company uses to get rid of disfavored employees. If the disadvantaged employee is a minority or over the age of 40, a discrimination claim is likely to follow. Many cases hinge upon a claim that an employer has enforced its policies in a way inconsistent with the way they were written. An employer’s departure from its own policy is suspect and calls into question whether the departure is due to discriminatory or retaliatory purposes.

As much as inconsistency can be used against an employer in court, the converse is also true. An employer’s consistent application of employment policies can support an employer’s argument that it had a legitimate non-discriminatory or non-retaliatory reason for taking an adverse employment action. For example, an African-American employee was fired for trying to sneak a cell phone into a facility against policy. Her race discrimination claim was dismissed because the policy violation was a legitimate reason for her discharge and the court found it significant that the employer had recently fired another employee after she did the same thing.

To avoid inconsistency, you should try to anticipate the types of circumstances in which exceptions would be considered, and incorporate those circumstances into the policy. When the exceptional situation arises, you can show that you are not departing from the rules in order to favor one employee and disfavor another, but applying the rule as written.

8. Make Sure All Employees Have a Copy: If workers have to request a copy of the manual from a supervisor or take it from a common area, they are less likely to read it. You want to make it as convenient as possible for your employees to read your manual, so the best thing you can do is make sure everyone has a copy. You should also provide each employee with a copy of any new or modified policies.

9. Tactfully Introduce a New Manual to Current Employees: If you do not already have an employee manual, the introduction of one can falsely imply that you are not happy with your current employees’ work or behavior. It is suggested a new manual be introduced at a meeting of all your employees, and be presented as simply clarifying existing procedures and policies. You should also welcome any questions to ensure everyone understands your store’s policies.

10. Instruct Your Staff and Verify Compliance: Finally, it is a good idea to periodically ensure the policies in the manual are understood and consistently applied. It is also recommended you annually meet with employees to review the policies, and conduct regular meetings with supervisors to ensure they understand and consistently apply the policies. You should also institute a procedure for employees to report any issues. Addressing concerns

One of the **biggest risks** is to have **policies** in the employee manual that **you do not consistently follow**. Often an **employer** or supervisor will **not strictly apply a rule** due to “extenuating circumstances.” But what happens when the rule is applied?

or problems early often avoid them from becoming lawsuits.

Conclusion

Whether or not you have an employee manual is a business decision. A clear and up-to-date manual can provide significant protection against employee claims. If, however, you are not likely to regularly update the manual, have your attorney annually review it, or consistently apply and follow the procedures and obligations in the manual, you may well be better off without one.

In the next issue of *Premier Flooring Retailer* we will provide suggestions on what you should consider including in your employee manual.

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

ABOUT THE AUTHOR

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Hardwood Flooring — The Hidden Quality Exposed!

When selecting hardwood flooring as designers or purchasing it as consumers, we tend to forget that wood, as a natural living product, is very different from other flooring materials. Wood flooring has characteristics that need to be understood to appreciate the true value of the finished product. Quite simply, the underlying quality of the finished product sample we see in the store is determined by far more criteria than simply the look and color of the product on the display. But how do you convey this “unseen” quality story to the unwary decision maker?

Hung Chen, a wood scientist (University of Minnesota) and president of Allwood Group in Portland, OR, is quick to point out that “What we see is not necessarily what we get.” The process that moves the wood from the forest to the floor is many faceted, and any compromise along the way will affect the quality of the finished product. The season in which some woods are harvested and the schedule under which the wood is dried can determine whether the wood is under stress prior to production. Then, in production, milling the product in a manner solely to save material and thereby lower cost can build inherent stress in the finished product. The result is a product that may look great but that will not stand up as well to day-to-day and eventually decade-to-decade life as a product that is produced with care and commitment to optimize quality. The product will react more aggressively to a catastrophic event (large spill, dramatic moisture level changes) than the quality product.

● But how do you tell the difference?

Well, therein lies the conundrum! You simply can't! And when the product breaks down after a number of months or years, or over-reacts to a catastrophic event, how do you determine what truly caused it? Frankly, you don't.

● So what's the solution?

Mrs. Chen suggests you simply don't compromise the purchase. In a typical room in the home, the difference between a good-quality hardwood floor and a compromise is perhaps \$2.00 per square foot for the flooring or \$300 for a typical room. Installation and all associated costs don't change. A consumer will pay that for a small area rug, a nice cocktail table, curtains, a few lamps — all of which will most likely be gone in 7 to 10 years. The flooring will still be there and should typically be there for decades. So why would we want to compromise it? The “bottom line” is this: Buy your hardwood flooring from a reputable flooring dealer that has professional staff and carries quality products from reputable companies which specialize in hardwood flooring. ■



Above: Forest harvesting;
right: Flooring production.



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WFCFA Members Seeing Sales Gain – LVT Leads, Carpet Tops Profit Margin

By Jeff Golden, Editor

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

The 2014 Members Market Trend Survey makes a clear statement: residential sales improved in 2014 versus 2013 with two-thirds (66%) to 74% of survey respondents noting growth in their residential sales. Just 10% to 13% did not see a change in segment sales. **(See Chart 1)**

1. Residential Sales in 2014 Compared to Same Quarter in 2013							
	Same	Down > 20%	Down 10% - 20%	Down 1% - 10%	Up 1% - 10%	Up 10% - 20%	Up > 20%
Q1	13%	2%	6%	13%	30%	22%	14%
Q2	13%	1%	3%	9%	31%	26%	17%
Q3	11%	1%	5%	11%	40%	22%	10%
Q4	10%	1%	3%	12%	30%	31%	13%

The greatest opportunities in the industry today come from many directions: including the LVP and LVT products; millennials becoming the next generation of consumers; and the remodel business is growing opening the opportunity to provide better products at higher margins.

Our panelists view the continued lack of trained installers, more informed consumers through the use of technology (internet), the willingness of consumers to pay more for better products and service as the greatest changes (challenges) to the industry.

Competition is still coming from the Big Boxes but more are now buying from specialty retailers after having problems with Big Boxes. With fewer stores now, more marketing is leading to more sales and increased profit margins. Business

opportunities are being seen in the builder and commercial and insurance segments.

The commercial segment showed improvement throughout the year. The quarter vs quarter growth was steady with Q4 most improved over the same period in 2013.

The builder segment remained flat for 32% - 45% of respondents throughout 2014. Just 11-12% saw their builder business drop compared to 2013 and 17% had their builder sales grow between 10-20%.

Luxury vinyl tile produced the greatest sales volume growth throughout the year compared to 2013 averaging over 50%. The next category with sales volume growth was hardwood at a 22% average. **(See Chart 2)** Laminates continue to experience the slowest sales volume growth.

Carpet was the product segment producing the highest profit margin for 56% of the survey panel. **(See Chart 3)** Hardwood produced the lowest profit margin for the 34% of the panel. Laminate pricing provided the next lowest profit margin at 22% and tile/stone at 20%. Fifty percent of the panel reported laminates experienced a decrease in sales compared to same quarter – 2014 vs. 2013. The next product segment reporting a decrease in sales compared to the previous year was resilient at 28%.

Throughout 2014 in our studies, respondents identified hiring/using qualified installers as the primary challenge to their company as it relates to the industry, 41%. The next challenge listed by the panel was training and retaining an adequate sales force at 25%.

Advertising

Eighty-four percent of the panel regularly pays for advertising. The panel uses newspapers/magazines most, followed by online, television, radio, direct mail and billboards/other in outdoor/public places. Sixty percent choose to advertise

2. Product Category Producing the Greatest Sales Volume Growth							
	Other	LVT	Resilient	Hardwood	Laminate	Tile/Stone	Carpet
Q1	0%	43%	3%	27%	3%	9%	15%
Q2	0%	48%	3%	18%	4%	11%	16%
Q3	0%	59%	2%	20%	2%	7%	10%
Q4	1%	52%	0%	22%	1%	9%	15%

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With fewer stores now, more marketing is leading to more sales and increased profit margins. Business opportunities are being seen in the builder and commercial and insurance segments.

Market Study, Continued

3. Product Segment Producing the Highest Profit Margin							
	Other	LVT	Resilient	Hardwood	Laminate	Tile/Stone	Carpet
Q1	2%	12%	2%	13%	2%	13%	56%
Q2	2%	8%	7%	11%	3%	12%	57%
Q3	2%	12%	7%	13%	3%	9%	54%
Q4	4%	9%	7%	12%	1%	7%	60%



Shown: IVC US - Embellish

LVT produced the greatest sales volume growth throughout the year compared to 2013.

in a specific media because there is a quantifiable ROI to justify it. Just 36% are considering moving a larger portion of their advertising budget to another type of media. Sixty-five percent of our survey panel is considering spending the majority of their budget in the future online.

Social Media

Respondents currently use Facebook (90%) as their major social media vehicle followed by Google (63%), LinkedIn (46%), Houzz (38%), Twitter (37%), Angie's List (33%), Pinterest (30%) and YouTube (27%).

Seven of 10 (71%) surveyed are planning to expand or update their showroom in 2015, while 8% are preparing to add a store location.

More emphasis is being placed on training with 73% increasing sales training in 2015 and 58% investing in installation training.

Capital Expenditures to Increase in 2015

- Nearly half (48%) are planning to purchase new vehicle
- Software/hardware for fcB2B, 38%;
- Increase inventory, 29%;
- New machinery, 28%;
- New warehouse, 15%;
- New location, 10%.

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



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Milestones in Tile & Stone

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

Spring is here and summer is around the corner. It's a great time to validate what the news-making trends are in tile and stone. A number of respected forecasters agreed on the key trends that are the focus of this article. Included in this trend view is input from Michelle Lamb, editorial director of the Trend Curve; Victoria Redshaw, principal of Scarlet Opus Trend Forecasters; and 2015-2016 forecasts from Color Marketing Group International.

Black is Back

Matte black tile in an impressive number of shapes and sizes is coming on strong. It's a foundation color that begs to coordinate with vibrant colors and metallics. "Urbanesque" is the best description of this matte black direction. Victoria Redshaw reported this as part of her LifeEdited trend that reflects the smart, flexible and compact lifestyles of urban citizens. "...Interiors will be seriously sophisticated, deeply luxurious...but edited down to essentials." Everyday luxury is the goal.

As part of the black is back trend, it brought with it a design partnership with metallic tiles. Emser Tile introduced Jazz, a free-form dimensional tile that looks like a pool of liquid silk. This design is exceptional and brought into partnership with matte black equates to everyday luxe. Metals are expanding to include nickel, oiled bronze, gold, silver, rose gold, and copper. DalTile's Ion Metals collection captures this in its entirety, adding an antique finish to coordinating tiles and borders.



Marbleous

Natural marble peaks and wanes in popularity from decade to decade. From now through 2016, we will see a new peak for this luxurious stone. White Carrara marble with its delicate veining and pure black marble will become staples in design. A shocking revelation: look for wine-red marble to impact design in 2016. Alabaster, brown marble, and honed marble in all shades are also on the horizon.

Antiquity Revival

Why not take classical designs (historic winners) and give them a modern-day makeover? That is exactly what we are witnessing in stone and tile introductions. For example, contemporized Greek-key designs with a pumped-up scale and iridescent finishes are new on the scene. Eleganza targeted this trend with their Roman Vein Cut series, available in both matte 12" x 12" tiles and a polished glazed 12" x 24" tile. The crowning touch is an acanthus leaf border, borrowed right from the ancient Romans.

'Classification'

The excitement over glass tile is still on the rise. The reason is apparent. The light reflective qualities intrigue us, the design possibilities are infinite, and manufacturers are experimenting with new interpretations. There is so much to highlight in this category, I will have to pick and choose just a few exceptional examples.

- The Eleganza Ocean series brings movement and dimension to glass tile. Replicating restful waves, it's a fresh interpretation of glass in calming aquatic and neutral colors.
- Combining bar-shaped opaque and clear glass into mosaics creates a surprising mix of raw nature and elegance. Eleganza accomplished this in their Bliss series. It walks the line between rustic and elegant and fits into any design style.
- Emser Tile has a winner on their hands. The Charm Series is a breakaway mosaic design in a random-set format. The colors are luminous and beyond charming.

Fractured Design

This is a term you will be hearing more of. It's a new perspective embracing unusual asymmetrical shapes, 3-D aspects, and interlocking patterns. Glass tile especially lends itself to this new direction. And porcelain and ceramic are already on board.

- Arizona Tile got creative with their Luxe Black (and White) Hex series. Playing with contrast tiles and diamond insets, the Hex series is retro, but right on time as a modernized interlocking pattern.
- DalTile had fun with their Rittenhouse Square collection. Subway tile is a proven standard at the heart of the collection. But add to that a Harlequin shaped tile and the series becomes playful and new. White, black and neutrals play well together and offer the building blocks for a unique design.

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Milestones, Continued

Slated for Success

Natural slate is timeless. We think of high contrast, best-of-nature colors together in one floor when describing slate. The variegated colors and unique surface textures set slate apart from all other stones. So it's a given that tile manufacturers would borrow from slate to create porcelain slate. They can control the color and evenness of the surface to produce a slate look, but it's engineered to be more consistent.

- DaTile's Continental Slate collection is ColorBody porcelain that accomplishes all of this. I love the colors offered: Egyptian Beige, Indian Red, Smudged Green and Mid-Blue. These colors, in combination or used monochromatically, create a calmed-down version of natural slate.
- American Slate Company, a division of Great Northern Building Products, specializes in only slate. Their collections personify the high character of this natural stone. The collection names give you a clue as to the amazing choices they offer: Cliffs of Norway, Venetian Waterways, Sequoia Sunset, and Tokyo Gardens, just to name a few.
- Drawing on the architectural inspiration of ancient Egypt, the Cairo Series from Mannington offers an ever changing rich, vibrant mix of natural color variation and realistic texture. This is a porcelain tile that captures the true personality of natural slate. Offered in three color-ways.

- Woven basket patterns interpreted into tile
- Speckled texture ceramics
- Large format stone (travertine, marble) formatted for wall and floor use
- Hand-drawn Native American patterns for tile
- Southwest influenced patterns
- Fossil and feathered patterns



First Nation

Influences from our nation's Native American roots are seeping into all aspects of interior design: textiles, accessories, paint colors, soft surface floor coverings, and of course, hard surfaces. Emser Tile features mosaic-style natural (stone-on-mesh) collections that bring the colors of the earth inside. Stones are random shaped, which speaks to their authenticity. From mixes of gray/black to blends of rust/goldenrod, these stones become focal points for walls and floors. Larger stone formats for the floor exemplify nature's best. Some of the other First Nation influences include:



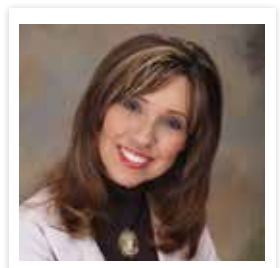
Interpretive Design

You can look at it, walk on it, touch it — and still not be sure what type of flooring material you are walking on. Borrowing from nature's own textures and graining — and interpreting them into "look-alike" ceramics and porcelains is a huge trend. Is it wood or porcelain? Is it travertine, marble, or porcelain? Is it a linen-weave textile imbedded into a flooring material, or is it porcelain? This clever interpretive flooring trend is opening new doors to product designers. Most manufacturers of porcelain tile have their wood-look planks already on the market, but we will see much more daring designs simulating real wood over the next two years.

This has been a mind-stretching journey exploring the milestones we are witnessing in tile and stone. The next few years will continue to amaze us, as each one of these trends takes a stronghold on product development. Stay tuned....

ABOUT THE AUTHOR

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





Marazzi

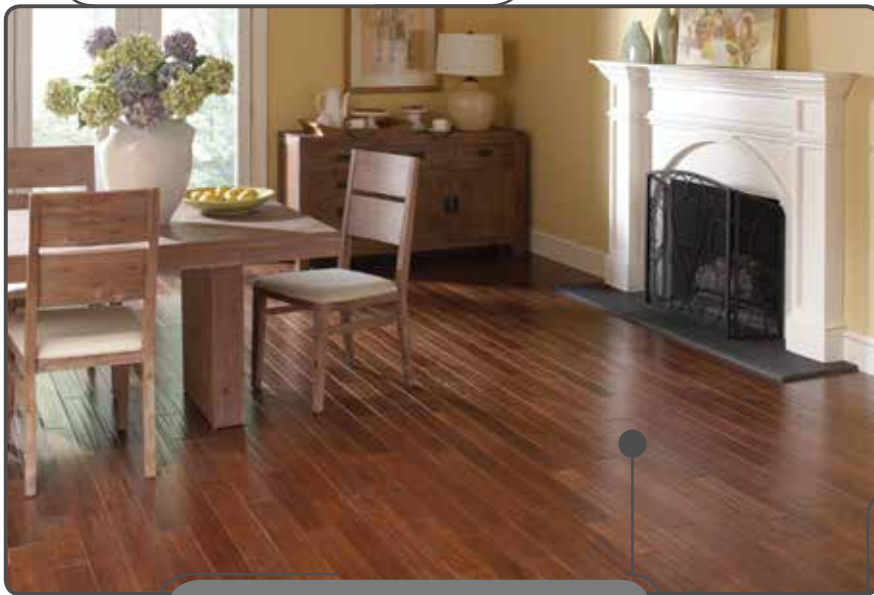
Title: Summerville Collection
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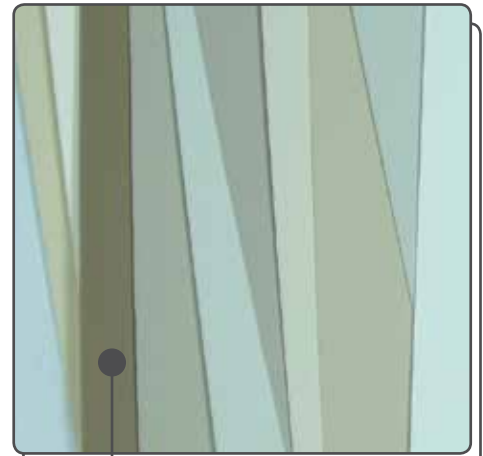
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The Surprising Silver Bullet to Greater Success

By Trent Ogden, QFloors

Would you like to increase profits and enjoy greater business success with little to no additional expense? Here's how to do it by following five simple steps. It begins with a secret weapon that is definitely underutilized and unappreciated...your business' financial statement.

Step 1: Obtain an accurate financial statement. Financial statements are generated by your business software. I can't sufficiently stress the importance of making sure your financial statements are accurate and up-to-date. The majority of your business decisions should be based upon information from your statements, and if that information is not correct, you're flying blind.

Go back as far as three to five years. Evaluate if your ROI and EBITDA percentages are getting bigger or smaller in general. What happened in your business to affect those changes?

Financial statements are not just for filing your tax return, giving to the bank when you need a loan, or sending to manufacturers when they require a health check of your company. Too many industry business owners don't appreciate the gold mine of information these statements provide, and how understanding them can guide you to greater success.

Your financial statements will only be as accurate as the data entered, and the software you are using allows them to be. Floor covering specific or contracting software are far superior at getting accurate numbers than off-the-shelf accounting programs like QuickBooks. The critical factor is that general accounting software does not use the *Matching Principle* in recognizing income and direct cost of the job, whereas flooring specific software does. The *Matching Principle* of accounting says that you recognize your sales income and corresponding cost of sales at the same time. If you're using flooring specific software, this is accomplished by job costing each job accurately, and then your software automatically posts journal entries upon job completion.

Are you recognizing your cost of goods and cost of labor on the same day that you recognize your revenue for that job?

If not, your Profit & Loss statements will have skewed results. Another important question: Are you recognizing a sale when you sell it or when you complete it? The correct answer should be when it is completed. But again, generic accounting software won't do that.

So first things first, make sure you have software that will give you the best, most accurate information about your business. The next four steps are simple if you have this in place. If you don't, they aren't even worth attempting.

Once you know you can rely on your numbers, here's the next step.

Step 2: Look at key ratios. There are many key ratios and I can't review an exhaustive list here but a critical one is EBITDA (earnings before interest, taxes, depreciation, and amortization). Most dealers will look at the net profit from their Profit & Loss statement, but EBITDA gives you a truer picture of how well you are operating your business. You can find EBITDA by removing those expense accounts stated above from the P&L statement.

Another important ratio in understanding your overall profitability is ROI, or Return on Investment. This key bit of information is found by taking your net profit and dividing it by your equity. ROI measures a percentage of how much profit you have made compared to how much you have invested.

Once you have these important ratios, you come to an important exercise every successful dealer must do:

Step 3: Compare, compare, compare. Sure, we shouldn't compare ourselves to another person when it comes to our house or our weight or our kids' intelligence. But comparing your business can provide an illuminating perspective.

First, **compare your key ratios year over year.** Go back as far as three to five years. Put these numbers side by side so you can recognize trends, if they exist. Evaluate if your ROI and EBITDA percentages are getting bigger or smaller in general. What happened in your business to affect those changes? Weigh in factors like personnel changes, location changes, higher or lower profit margins, incorporating software, etc. Think about what happened and why.

Next, **compare your business with other businesses.** This can be incredibly helpful. Compare your numbers with the industry average. Industry averages are easily accessible through many sources, and cost very little money

Your financial statements will only be as accurate as the data entered, and the software you are using.

Income and Expense - Profit and Loss %				
	Industry Averages			
	2011	2012	2013	My Store*
Business Revenue	100.00%	100.00%	100.00%	100.00%
Cost of Sales	58.08%	59.76%	61.28%	64.37%
Gross Margin	41.92%	40.24%	38.72%	35.63%
Officers Comp.	2.47%	1.53%	1.65%	0.83%
Salary-Wages	9.78%	8.54%	9.35%	12.69%
Rent	6.41%	6.15%	6.07%	3.63%
Taxes Paid	1.43%	2.13%	2%	1.55%
Advertising	4.28%	4.34%	4.54%	2.68%
Benefits-Pensions	0.81%	0.85%	0.98%	0.86%
Repairs	1.26%	0.61%	1.15%	0.59%
Bad Debt	0.23%	0.17%	0.15%	0.34%
Sales, General, Admin & Misc.	11.06%	11.91%	11.49%	6.84%
EBITDA	4.19%	4.01%	1.34%	5.63%
Amort-Deprec-Depl	0.74%	0.67%	1%	0.81%
Operating Expenses	38.47%	36.90%	38.38%	30.82%
Operating Income	3.45%	3.34%	0.34%	4.81%
Interest Income	0.10%	0.41%	0.17%	0.01%
Interest Expense	0.62%	0.89%	0.65%	0.28%
Other Income	1.39%	1.36%	1.32%	-0.03%
Pre-Tax Net Profit	4.32%	4.22%	1.18%	4.51%
Income Tax	1.47%	1.43%	0.36%	0.05%
After Tax Net Profit	2.85%	2.79%	0.82%	4.46%
Discretionary Owner Earnings	6.06%	4.99%	3.47%	6.11%

to procure. Reports are generally under \$100 and well worth the expenditure. There are many different sources. One that we personally have used is Biz Miner. They collect all of the corporate tax returns, and segregate them by industry. Then they subdivide those into size of business. So you can compare yourself against industry averages for similar-sized operations. The World Floor Covering Association also offers this information to its members.

Step 4: Investigate the why's. Are you better or worse than the industry average? Look deeper to try to figure out the why's behind the differences. Make assumptions. For example, something that can cause big swings in these ratios is gross profit margin. Compare yours with the other companies. If they are lower, why? Should you raise prices? Sometimes making very small changes can significantly impact gross profits.

In addition, compare yourself against industry averages in other areas like general and administrative expenses, rent, or payroll. Again, think about the why's behind the differences. Once you've compared yourself with similar-sized businesses, take a look at the ratios and averages of larger operations than yours. This can yield some surprising information and cause for reflection. Evaluate whether aligning your percentages closer to theirs could bring similar growth.

Step 5: Implement the changes. Sometimes even really small changes, like increasing labor charges or incorporating software, can make a huge difference in your overall success and profitability as a company.

Regardless of the software you use (again, as long as you can easily obtain accurate and current numbers), these five simple steps can be the treasure map to striking gold as a company. I'd bank good money on it. ■

*Lay your numbers next to the industry averages

ABOUT THE AUTHOR

Trent Ogden is the owner, founder, and CFO of Flooring Technologies (dba QFloors). Trent holds an MBA and a BS in Accounting. He is an expert on how accounting and tax issues relate specifically to the flooring industry. Contact Trent at trent@qfloors.com or 801-563-0140.



Staying Preferred – Customer Experience Matters!

By Michael Vickers, Executive Director, Summit Learning Systems

Research says it will cost you at least five times more to gain a new customer than to keep your old one. In today's marketplace, your customers can read online reviews and search out your competition with just a mouse click. Think your customer experience doesn't matter? It matters more than ever.

When you create an amazing customer experience (amazing as the customer defines it, not you), they are less likely to seek out another provider. As a flooring retailer you can use your customer experience strategy to compete against anyone, especially the Big Box stores. You are never going to beat them on their prices or operational processes (logistics); however, you can out-service them by delivering an experience they just can't match.



Remember, the customer experience is the new marketing! Stop wishing you provided a better customer experience and start building one.

One-to-one service and marketing gurus Peppers & Rogers say "81% of companies with strong capabilities and competencies for delivering an excellent customer experience are outperforming their competition." If that stat holds up, you should view your customer experience strategy as part of your offensive playbook rather than an expense in your operating budget. As a matter of fact, it might make sense to include your customer experience as a priority in your marketing budget.

The number one reason customers stop doing business with a company is because of poor customer service. According to some recent studies published by Oracle Rightnow Service by Cisco, slow service, incompetency and manners are the primary attributes of an unsatisfactory customer experience. Seventy-three percent cited rude and incompetent staff as their primary issue for a bad experience, while 55% said that resolving issues in a timely manner contributed to the experience.

Here are some strategies that will help you create a better customer experience and help you insulate your business against competitive erosion.

- 1. Make sure you sell only quality products.** This one speaks for itself. If the product is of poor quality, then your customer is going to become dissatisfied and they will tell everyone they know.
- 2. Don't just meet their expectations, exceed them.** When you are responsive to their questions, comments or complaints, you can actually enhance their loyalty by resolving their issues quickly. When your customer feels like they have been taken care of, they are more likely to buy from you again.
- 3. Have a listening strategy that engages your customer.** Create a process by which you can solicit feedback on the customer's experience with you. These may include: surveys, phone calls, comment cards, online-reviews, etc. When you actively listen to your customers' concerns, needs or frustrations, make sure you clarify what you are hearing before you attempt to solve their issue.
- 4. Don't defend your position.** Don't make it about who is right or wrong. Spend more time trying to resolve their issue. Make sure you are open and honest with your communications and admit when your company has contributed to the problem and look for a win-win solution.

As you **seek new ways** to grow and **differentiate yourself** from the competition, it's important to **remember** you have to **connect with the heart and mind of the customer.**

5. Review and up-level your touch points. Make it a priority to regularly review every touch point you have with the customer from the moment they walk into your store to when your installers leave the customer. If you decide not to change a touch point, it's on purpose and not out of neglect.

6. Communicate your sincere appreciation. Make sure you thank the customer for their business. Let them know you recognize they have choices in today's world and you appreciate them buying from you.

The bottom line is that it's very difficult to go up against the big boys at just about every level, especially with your marketing and customer acquisition strategies. Even though you don't have their massive budgets, they can't compete with you on the service experience.

As you seek new ways to grow and differentiate yourself from the competition, it's important to remember you have to

connect with the heart and mind of the customer. You can do that by creating an experience that not only delights your customer, but gets them talking about you as well.

Remember, the customer experience is the new marketing! Stop wishing you provided a better customer experience and start building one. ■

ABOUT THE AUTHOR

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



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Lead is the New Manage... Motivating a Sales Team of Millennials

By David Romano, Founder and Owner, Benchmarkinc

Don't even try to **manage millennials**. Seriously. That tactic, which worked brilliantly with **baby boomers** and **generation X** is dead! What must be done now is for you to **lead** them.

The good news is that millennials are just people – born between 1980 and the early 2000s. According to the Bureau of Labor Statistics, they now make up nearly 40% of the workforce. Like most people, they aim to have a job where they are valued, make an impact and develop their skills, all while being interested in what they do and being fairly paid for their effort. At the same time, they require to be part of a team lead by a players' coach instead of a coach with an authoritarian style that manages through unrealistic expectations, threats and sanctions.

Sounds doable, right? Here are a few roadblocks: most flooring stores are owned and managed by **traditionalists** (65+) and **baby boomers** (46 to 64) that tend to believe strong management and systems will bring about desired results. Most flooring owners are resistant to change. Many flooring owners are too busy working in their business and switching their style to leading instead of managing appears to be a monumental task.

"Progress is impossible without change, and those who cannot change their minds cannot change anything," according to George Bernard Shaw. Those flooring owners that are not willing to change their mind on how to manage today's workforce must face the reality that where they are today is most likely going to be the best it will ever be.

Leading is different than managing. Where managing is about organizing, coordinating and telling – leading is about inspiring, enabling and co-creating. The number one problem first-time leaders face is failing to understand that leading requires entirely different strengths than doing or managing. For those willing to change, the successful framework looks a bit like this.



- Make the store a place your employees like. If your mission is to provide services better than your competition through working longer and harder than anyone else, then you need to make the store a place your employees love. Create an atmosphere where success is loudly celebrated, camaraderie is fostered, meetings and training sessions are fun and upbeat, and the overall vibe is a place to have fun and the byproduct is work and results.
- Food means a lot to millennials: Millennials covet well-prepared food and dine out more often than not. The reward of a meal can be even more important than the potential spiffs earned from manufacturers. They say the true way to a man's heart is through his stomach, so why not think that the true way to motivate a sales associate is through her stomach? The productivity gained and the vibe created far outweigh the cost of a nice meal.
- A focus on the bottom line will not inspire millennial workers to be relentless: Your business and financial goals will not be closely aligned with the goals of your millennial sales team. The more you focus on what you and the company need from them, the less likely they are to give you what you want. Provide the belonging and self-actualization needs they crave, and millennials will knock your socks off with astounding performance. If you give them the environment they seek, then your profits will soar.
- Quantifiable and collaborative goals allow for detailed productive coaching conversations on how to achieve success. Ask each sales associate how much they want to make this year and then work the numbers. Show them what that means in terms of gross profit, traffic, close rates and average ticket. Once that is done, the goal will be the centerpiece for all conversations. Recommended sales strategies and tactics will not only be tolerable, they will be welcomed. Goals are now the most important measure for each sales associate and not some sanction set by the management team to determine worth.
- Be specific. Talking in theory can make for an interesting conversation, but coaching specific items and tying expectations to measurable (and attainable) results yields the best outcome. This is especially true when working with millennials since they have less working experience. Often, your newer employees

The number one problem first-time leaders face is failing to understand that leading requires entirely different strengths than doing or managing.

don't know what they don't know, so they aren't even aware if there are better options available or if their performance is subpar.

If sales numbers are not achieved telling them to work harder or just get it done will not work. They need to know the exact deficiencies and where they should focus their effort. Is it that they are not seeing enough traffic, is their close rate too low, or is their average ticket lower than the norm? See, these measurable items are something they can grasp. They are also logical and with the right strategy can be worked on and eventually corrected.

- Be positive but realistic. Most people appreciate being recognized for doing well. Make sure you point out successes as you see them. This does not need to be formal; just plan to give the "fist bumps" as they arise. In addition, have structured individual meeting with your sales associates at least twice a month going over their performance. Discuss performance against standards and goals and find out what is making them successful or creating a deficiency.

Finally, don't save the praise to be bundled with the negatives when you discuss what they need to improve. This does not mean you just walk around telling everyone how great they are. You still need to coach through the areas that need to be developed. Effective coaching, just like good teaching, should not be negative most of the time. It is much harder to motivate and improve performance when the millennial sales associate feels as if she/he cannot get anything right and they are more of a nuisance and hindrance than an asset.

In summary, millennials are people too. They're just new(er) people to the workforce, and as such, they want and require more direction on a regular basis. Most managers probably have that direction (good or bad) in their heads, but the key is to share this information with your sales team in a productive manner along the way. Your team morale and performance will greatly

improve as a result of your planning and attention. Look at this quote by Tony Robbins, "Change is inevitable – Progress is optional." Is it more important to hold on to the ideals you have formed over your flooring career and stop progress or is it better to adapt to the attributes of today's workforce, embrace change, and lead your company to a greater level of profit and efficiency? Your call, but the answer should be pretty obvious! ■

ABOUT THE AUTHOR

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



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Be Heard on the Radio

By Josh McGinnis, Owner, Unlock Your Biz

When approached about a new advertising opportunity, many of my clients have said they felt like 'Jack' from the children's story Jack and the Bean Stalk. They tell me, "I am asked to trade my valuable money for some magic beans (advertising) and been told they will make me a fortune." They have this pull to spend on things like radio, but secretly wonder if it will pay off or will it just cost them their hard-earned profit.

When considering a marketing expenditure, all companies would benefit from a long hard look at what their advertising dollars are producing. Take a look at the following example which tracks a radio ad expenditure:

Results from a \$6,800 monthly ad spend over a four month period produced an average of \$13,000 a month in sales. The retailer was furious with the results and wanted to immediately cancel future ad buys. I asked if he had tracked the individual stations. Luckily he had.

- Station #1:** The largest spend at \$4,000 a month
- Station #2:** \$2,400 a month
- Station #3:** \$400 a month (This was included as a favor to a friend. The retailer actually hated this station).

And the results were as follows:

- Station #1:** Averaged \$1,000 a month in sales
- Station #2:** Averaged \$6,000 a month in sales
- Station #3:** Averaged \$6,000 a month in sales

We decided to track the results for a couple more months just to be safe and made the following changes: we completely cut Station #1, completely cut Station #2, and increased spend on Station #3 to \$1,200 a month. With the savings, we invested in other advertising.

Now, here are some of the common mistakes dealers make when running radio ads and what to do to help ensure your spots get the best results. Like all advertising, you are likely not an expert and tend to depend on the wrong people.

1. Don't let the station write your ad. Radio stations want to make you happy. Unfortunately, what makes you happy might not produce sales. Often, the people writing the ads are just salespeople or are copying the other ads on their station. This is a surefire way to make sure your



ad sounds like all the others and blends into obscurity. Solution: Learn a little about how to write a good ad and write it yourself.

2. Focusing on the cost of individual ads or the number of ads. Stop worrying about how many spots you are getting and instead focus on how many spots you get at a certain time of day. You will pay a premium to run your ad at the same time each day, but this increases your chance of the same group hearing your ad. It's better for 5,000 people to hear your ad every day for a month than for 500,000 people hear your ad once.

3. Don't be too creative. Instead of a fancy jingle, address a problem people have and want a solution to. I would focus on formaldehyde in flooring since the big piece on Lumber Liquidators came out. People are keyed into this already.

4. Not measuring results. Never run an ad and just hope it works. Use a unique URL (website address) and phone number which can be tracked back to the specific ad.

“Zero-in on the pain the market is experiencing, **agitate** the pain as much as possible, and **then present your solution**. Make your solution as **specific as possible** and put an **expiration date** on it.”

Here are five steps to create a successful basic ad.

Step 1: Zero-in on the pain the market is experiencing, agitate the pain as much as possible, and then present your solution. Make your solution as specific as possible and put an expiration date on it. Write this ad with your target market in mind and speak their language. You know your buyers better than anyone. This is why you should write the ad or use someone who can work closely with your company. Also, skip playing music in the background of your ad.

Step 2: Secure a 800 number and URL that is only used in this specific ad.. This is how you will track responses.

Step 3: Pick a station that matches your target market. Don't pick the station you like. Make sure it's what your buyers like.

Step 4: Run your ad for three weeks and then rest for three weeks. Keep this sequence for two or three rounds and then evaluate.

Step 5: When you negotiate with the station, negotiate for more ads. There is always room for a little negotiation. ■

ABOUT THE AUTHOR

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



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Google is Beginning to Reward Mobile-Friendly Websites

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

Is your website mobile-friendly for people using devices such as a Smartphone? If not, as of April 21, 2015 your website began to get a lower Google mobile search engine ranking, according to Google. Does this matter to flooring retailers? For some, it will have a definite impact and for others not so much, but over time it will eventually affect all of us.

Back on February 26, 2015, Google made an announcement on their Webmaster Central Blog telling all webmasters:

“Starting April 21, we will be expanding our use of mobile-friendliness as a ranking signal. This change will affect mobile searches in all languages worldwide and will have a significant impact in our search results. Consequently, users will find it easier to get relevant, high quality search results that are optimized for their devices.”

Google has the ability to determine if a website is mobile-friendly or not through a web page’s HTML source file. After analyzing each web page using their proprietary software, the results are then stored in their massive database. As of April 21, 2015, Google began to reward relevant, mobile-friendly websites with a higher ranking in the mobile search results when a Smartphone user initiated a mobile search. Another part of the new rollout allowed Google to label mobile-friendly websites in the search results so users will know which websites will be best to view from a mobile device.

So why is Google making this mandatory change? For one, Google says 94% of U.S. Smartphone users search for local information on their phones. Smartphone users do not want to scroll a lot or have to zoom in or out to view the web page content. Non mobile-friendly websites cause Smartphone users to become frustrated and abandon the website. Google’s goal is to make sure mobile users find it easy to get relevant, quality search results that are optimized for their mobile screen.

Google offers some help for website owners to test their websites to see if their websites are mobile-friendly... <https://www.google.com/webmasters/tools/mobile-friendly/>. Google also has a Guide to Mobile-Friendly Websites, see: <https://developers.google.com/webmasters/mobile-sites/get-started/>.

So what should flooring businesses do if their website is not mobile-friendly? First, check your website analytics to see exactly what types of screen devices web visitors are using to view your website. Personally, I see from 10% to 35% mobile visitors on the websites we manage. As example, one of the

flooring businesses we manage has had close to 2000 mobile visitors this year. Of those visitors, 159 used the mobile website to click their phone number and call them and 57 of the mobile visitors used the Google map to look up the store’s location. If this doesn’t convince you then visit other flooring websites using the Smartphone browser. If you find it frustrating browsing websites from a mobile phone so will other mobile users. Older websites especially can be a real pain to navigate on a Smartphone and even on a tablet.

Websites that are not mobile-friendly cause Smartphone users to become frustrated and abandon the website...

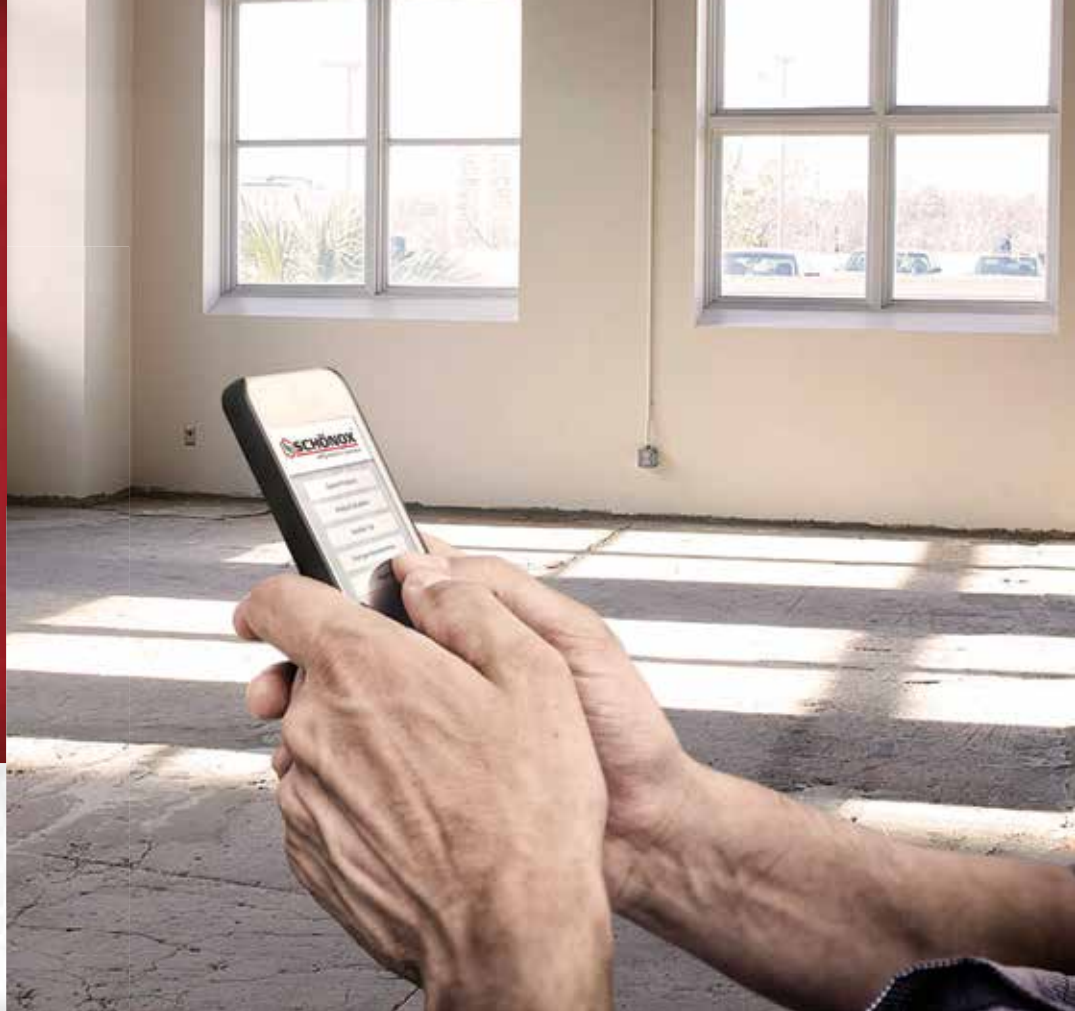
Most websites being created today are coded with a “responsive web design,” which means the code in the page automatically detects the viewing device and responds by adjusting itself according to the screen size. Google is now recommending websites utilize a responsive web design so the page address is the same regardless of the viewing device versus creating a separate mobile website. A new responsive web design could range from several hundred to several thousand dollars, depending on the site’s complexity.

If you decide to go with a new responsive web design you also should first consider what do your mobile visitors really want to see? This becomes very important to understand because users on mobile small screens don’t want to see all the text and other things that desktop users see on a big screen display. As example, product catalogs can be difficult to navigate on a small mobile screen but work fine on a desktop computer. The cost to convert the product catalog to a true mobile-friendly design may not be worth the extra expense so you may decide to leave that part out for the mobile website version. So even if Google says your website passes the Google mobile-friendly test, remember the ultimate decision comes from your mobile visitors. ■

ABOUT THE AUTHOR

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





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